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THE JERUSALEM POST

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THE DIFFERENCE

France to demand visas in crackdown on terror

by MICHEL ZLOTOWSKI
Jerusalem Post Correspondent

PARIS. — Prime Minister Jacques Chirac last night announced a set of measures — including visas for nearly all foreign visitors — in order to fight "that leper," terrorism.

Chirac was speaking a few minutes after an explosive device had gone off in the basement parking lot of a restaurant on the Champs Elysees, killing one and seriously injuring two others in the fourth incident of its kind in the Paris area in the past 10 days.

The bomb, initially concealed in a bouquet of flowers, went off in the basement of Pub Renault, a combination showroom, restaurant and bar.

The latest attack brought the toll to two dead and 61 injured since the pace of terror incidents picked up on September 5, when a bomb placed on a packed subway train failed to detonate.

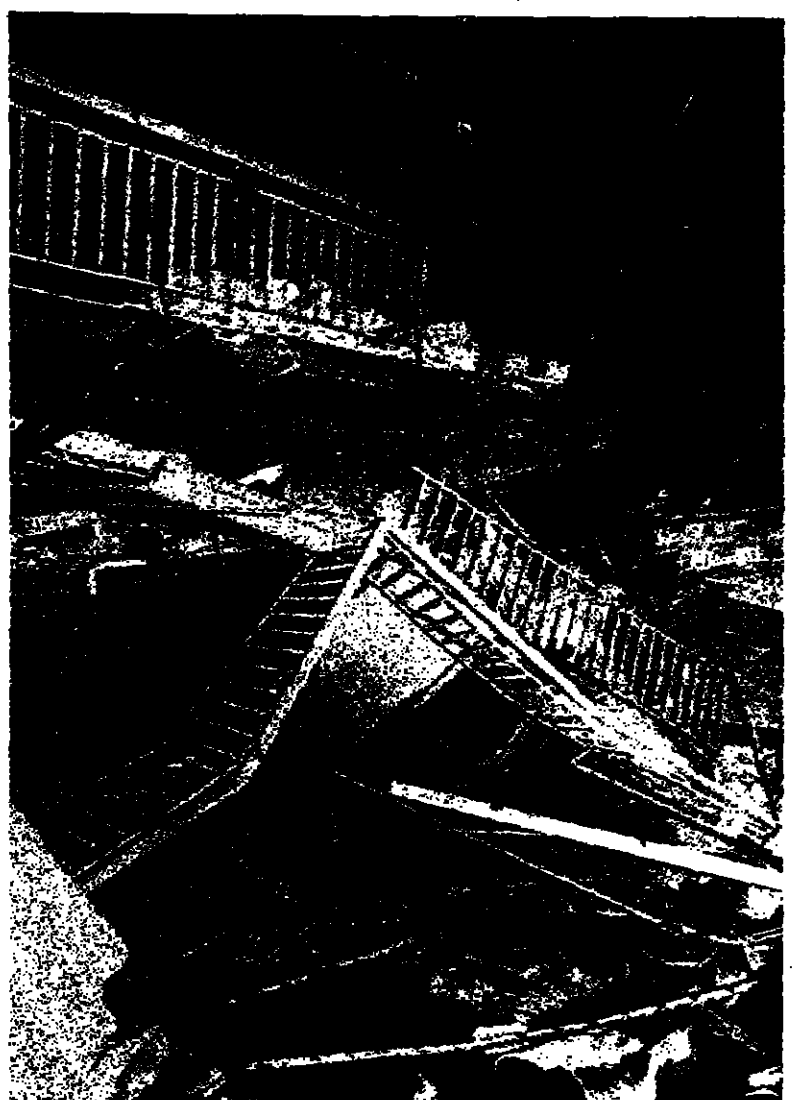
Announcing the new measures to strengthen public security, Chirac said that the visa procedure had been reinstated for all foreign visitors except citizens of the 12 European Community nations and Switzerland.

Sources said that the requirement, which would also apply to U.S. citizens, appeared to be aimed particularly at tightening surveillance of travel to France from the Middle East.

The visa requirement will initially remain in force for six months, the Premier said.

The other measures announced are:
• Strengthening of the control at the borders: the army will assist border police controlling frontiers.
• Extension of the cooperation between the police and secret services of France with those of other countries in Europe, the U.S., Africa, and the Middle and Far East.
• Creation of a body of specialized judges in Paris to deal with all terrorist incidents occurring on French territory.
• Pardon for "repenting" terrorists. Those who collaborate with the police will in certain cases not be prosecuted.

(Continued on Page 2, Col. 5)



A collapsed five-storey building looks like a sandwich of cement, balconies and bedding, hours after Saturday's earthquake in Kalamata, Greece. The quake registered 6.2 on the Richter Scale and left at least 10 people dead and 300 injured. (Reuters telephoto)

Death toll now 16 in Greece quake havoc

ATHENS (Reuters). — The official death toll in Saturday night's earthquake in southern Greece rose to 17 yesterday. Officials said up to 12 people were still missing.

About 300 people were injured and rescue workers have been trying to dig survivors out of the rubble of collapsed buildings in the port town of Kalamata.

A four-man team of French experts with trained search dogs specializing in retrieving survivors from quake-damaged buildings has gone to Kalamata.

The U.S., West Germany, Italy and Switzerland have offered help to the Greek authorities, but Greek

officials said they were coping well with the situation.

Officials reported that a second village, Eleochori, was almost totally levelled in the earthquake, and that 70 per cent of buildings in the villages of Neochori, Yianitsa and Yianitsatika were damaged.

Thirty-one people had been saved from the debris of collapsed buildings and were now in hospital, officials said.

Two Greek warships arrived in Kalamata and three other vessels were on their way with blankets, food, tents and other supplies, it was reported.

(Continued on page 7)

Divisions in cabinet as premier flies to U.S.

By ROY ISACOWITZ
Post Political Reporter

TEL AVIV. — Prime Minister Peres flew off to Washington yesterday, leaving behind a government sharply divided over the issue of an international peace conference.

Peres is due to meet with U.S. President Reagan and other senior administration officials today. He took with him a list of economic proposals (see page 9) and the idea of a preparatory committee for an international conference, as formulated with Egyptian President Mubarak in Alexandria last week.

Sources close to the prime minister said that he would attempt to persuade the Americans to put Moscow on the spot by agreeing to an international conference, conditional on Soviet recognition of Israel.

Peres does not believe that Moscow will change its policies, the sources said, but he hopes that the U.S. can be persuaded to open a new peace initiative. Despite strong opposition from the Likud to any international framework, Peres informed the cabinet yesterday that he would continue to work for the convening of an international conference.

Vice Premier Shamir called such a conference "an invitation to disaster," but the short cabinet meeting generated little heat between him and Peres.

Peres said that an international conference would not be a substitute for direct negotiations, but only their precursor. It would not have the authority to impose solutions or cancel previous agreements, Peres said.

After the opening of the conference, negotiations would be conducted in bilateral geographic committees, without international interference.

In a pointed statement shortly after Peres's departure, Shamir appeared to warn the Americans not to come to any agreement with Peres which would have to be implemented by a Shamir-led government after rotation.

"Washington and the rest of the world know that a large part of the government of Israel is strongly opposed to an international peace conference," he said.

Deputy Premier David Levy pointed out that Peres had neither

(Continued on Page 2, Col. 1)

Cairo might turn to Palestinians in areas Egypt warns PLO to accept 242, 338

By YEHUDA LITANI
Jerusalem Post Correspondent

CAIRO. — The PLO must move soon to accept UN Security Council Resolution 242. If it does not, Egypt will seek out other Palestinian leaders in the West Bank and Gaza Strip in a bid to regenerate the stalled Middle East peace process, a senior Egyptian official close to President Mubarak warned last night.

"Egypt will have to turn to Palestinian mayors in the occupied territories or to Jordanian members of parliament from the West Bank and Gaza Strip," unless the PLO accepts resolutions 242 and 338 in the near future, the official said.

Referring to the PLO's consistent demand for Palestinian self-determination and an independent Palestinian state, the high-ranking official noted that last year the PLO had agreed with Jordan that it would work towards a confederation. At that stage the PLO had effectively given up the principle of self-determination, knowing that a Palestinian entity would be part of an overall confederation headed by the Jordanian monarch and not by Yasser Arafat, the official said.

Egypt views Palestinian self-determination within the context of a confederation with Jordan, presidential political adviser Osama el-Baz said last night at a televised press conference.

He said that at the Alexandria summit Israel had claimed that self-

determination would necessarily mean an independent state headed by the PLO, which would become a Soviet base in the region.

But Egypt's attitude had sought to allay these Israeli and American fears.

Israel's opposition to self-determination for the Palestinians had been one of the major stumbling blocks towards reaching full understanding at the Alexandria summit, according to el-Baz.

Commenting on Foreign Minister Yitzhak Shamir's criticism of the summit agreements as "invalid," the official said: "Mr. Peres was speaking to President Mubarak as the

Reaction in the Arab world — Page 2

prime minister of a national unity government in Israel, and if Peres agreed to convene an international conference, Egypt considers Shamir's remarks invalid.

The official's comments are consistent with what seems to be a determined attempt here to preserve the achievements of last week's summit meeting.

This attitude has filtered down to the public and press which remain very positive about the "new era" in Egyptian-Israeli relations. But that mainstream euphoria is not shared by the right- or left-wing opposition, which remain deeply opposed to any strengthening of ties with Israel.

And Egyptian security remains on high alert to counter any attempt on the government.

Speaking to *The Jerusalem Post* yesterday, Israeli Ambassador Moshe Sasson said that the new mood of optimism in the Egyptian streets had been felt immediately by the embassy staff.

"The phone has been ringing non-stop with congratulatory comments," he said. "It is as if we had just signed the peace treaty." Among the callers, he said, were former prime ministers Kamal Hassan Ali and Mustapha Khalil.

The ambassador told *The Post* that the embassy staff had already started working on the mechanics of normalization, tourism and student exchanges.

After a break of two years, an economic counsellor has been appointed to the embassy staff and the Egyptian business community seems to be displaying a greater interest in Israel.

It was felt at the embassy that the new tone was a direct result of Mubarak's message, carried widely by the media, that a new era had dawned in relations between the two countries.

"The freeze is over," one Israeli official commented.

Israel and Egypt have also reached full agreement on compensating the families of the Ras Burka victims. Ambassador Sasson said.

The process, decided upon with Egypt's deputy minister of justice, will involve an out-of-court settlement, thus avoiding protracted litigation which could be painful and lead to bilateral tensions.

Three SLA men killed in clash

By MENAHEM HOROWITZ
and agencies

METULLA. — Three South Lebanese Army soldiers were killed and four wounded yesterday in a major firefight with extremist Shi'ite gunmen south of Jezzine in southern Lebanon.

Dozens of gunmen, apparently belonging to the Hizbollah group, stormed a position at the northern tip of an SLA-held corridor running

from the security zone to Jezzine. Three SLA soldiers were killed repulsing the attack, and four wounded when a remote-control device was detonated as SLA reinforcements were brought in.

An Islamic Resistance communiqué said that the attackers had seized mortars, machine guns and other weapons and had set fire to tanks in the SLA position.

In the past week, five SLA sol-

diers have been killed and 11 injured in attacks in southern Lebanon apparently carried out by the Hizbollah.

Meanwhile, the Shi'ite Amal militia in South Lebanon has arrested two men suspected of detonating a roadside bomb that killed a French Unifil officer and wounded three others on Saturday, Beirut newspapers reported yesterday.

Seoul airport blast kills 5, wounds 26

SEOUL (Reuters). — A bomb blast in the crowded arrival hall of Seoul's Kimpoo Airport yesterday killed five people and wounded 26, 13 of them seriously, police said.

The incident fanned fears that terrorists would try to sabotage the Asian Games starting next Saturday and police said they were investigating whether North Korea was involved in the attack.

A police spokesman said the explosion had been caused by a bomb planted in a rubbish bin near a terminal gate.

No foreigners or athletes were hurt, he added. Kimpoo was very busy over the weekend, with sportsmen and officials from 28 nations flying into Seoul for the games.

A Japanese Foreign Ministry official, quoting reports from its embassy here, said the bomb was believed to have been detonated electronically. Witnesses said they had seen three people blown through massive plate glass windows by the force of the explosion.

Within minutes, a large force of anti-terrorist troops rushed to the scene and cordoned off the airport's international terminal. No arrests were reported.

Children find live shell on Dizengoff

TEL AVIV. — Police are trying to unravel the mystery of a live shell found yesterday by two children in the yard of a house on Rehov Dizengoff.

The children, who were digging in the yard at 112 Dizengoff, found the shell and put it in a box near the wall.

Police who were alerted to the scene by the children's parents, closed the area to traffic for almost two hours while they dismantled the shell.

Police sources said they believed the shell had been buried in the ground a long time.

EIGHT PAGES FROM SUNDAY'S

The New York Times

WEEKLY REVIEW INSIDE TODAY

White collars gives way to blue

By AVI TEMKIN
Post Economic Reporter

The government's economic stabilization plan — launched in July 1985 — has significantly reduced the number of public-sector employees and boosted the number of those working in industry.

But unemployment is also sharply up, with 104,000 — or 7.9 per cent of the labour force — out of work.

A Central Bureau of Statistics survey published yesterday also showed a marked increase in the number of persons employed in trade and restaurants.

The figures showed a move from the public sector, and from personal and financial services, into industry, where the number of salaried persons rose by 3 per cent to 314,700.

The number of public sector workers has dropped by 1.5 per cent, from 412,600 in the first half of 1985 to 406,400 in the first six months of 1986. There was also a 15 per cent decrease in the number of construction workers, from 74,300 in January-June 1985, to 63,500 in the first half of 1986.

The number of those employed in the financial services dropped by 1.6 per cent, to 103,700 and in personal services, by 3 per cent, to 88,000.

The increase in the number of restaurants over the last 12 months drew in some 10,300 new employees to bring that sector up to 172,300 in

(Continued on page 7)

Peres-Reagan talks today will influence U.S. peace-move stand

By WOLF BLITZER
Jerusalem Post Correspondent

WASHINGTON. — The U.S. is prepared to cooperate with Israel and Egypt in their professed determination to make 1987 a year of genuine peace negotiations. But it first wants to know how far Israel is prepared to go in accepting Jordan's call for an international peace conference including the five permanent members of the UN Security Council.

This was the mood here on the eve of Prime Minister Peres's arrival last night. The exact nature of Palestinian representation in the peace process will also be at the centre of today's White House summit between President Reagan and Peres, U.S. officials said yesterday.

The administration is very anxious to hear directly from Peres about the outcome of his Alexandria summit last week with Egyptian President Mubarak.

Reagan, who will meet Peres this afternoon, following the prime minister's morning sessions with Secretary of State George Shultz, is prepared to reiterate his administration's strong support for any negotiations.

But before the U.S. dramatically raises its public profile, American officials said, it will want greater assurances that some progress is possible.

Specifically, they said, the administration wanted to hear Peres's assessment of the limits of Israeli flexibility after Shamir takes over the premiership next month, when Peres is scheduled to become foreign minister.

The U.S., like Israel, has been cool to the idea of an international conference, especially one that enhances the Soviet Union's role in Middle East diplomacy. This stance was again made clear after the Alexandria summit. But the Americans would almost certainly be willing to go along with the idea if it was accepted by Israel.

On the question of Palestinian representation, the U.S., like Israel, has remained opposed to Palestinian self-determination, even within the context of a federation with Jordan. But U.S. officials acknowledged that there was more "give" in the American position than in Israel's.

U.S. officials said that other subjects likely to be discussed include recent international terrorism, the general Middle East situation, and a range of bilateral U.S.-Israeli issues, including Israel's efforts to promote greater economic growth by basic reforms and additional budget cuts.

The meeting with Reagan is also partially designed to try to give Peres a farewell political boost just before

(Continued on back page)

Motive of mother-of-ten unclear

Hebron woman shot after slashing soldier

By JOEL GREENBERG
Jerusalem Post Reporter

HEBRON. — A Palestinian woman was shot and killed yesterday as she tried to slit the throat of an IDF reservist guarding the Machpela Cave in Hebron.

IDF officers at the scene said the motive for the knife attack by 35-year-old Minsar Jamil Amr, a Hebron mother of 10, was "very unclear," and that she had perhaps been emotionally disturbed.

Officers said Amr lunged at IDF reservist Maxim Kushlin from behind, put one arm around his neck, and cut his throat with a small knife.

A second soldier, Fima Gurevitch, fired a warning shot in the air, and when Amr failed to release her grip,

shot her twice in the chest, killing her instantly.

Kushlin had been taken to Hadasah Hospital in Ein Karem with an eight-centimetre gash in his throat, a military spokesman said.

Troops immediately closed off the area, ordered shops shut and rounded up several suspects in an attempt to find a youth seen in the vicinity who they said may have been an accomplice.

Judea area commander Lt. Col. Moshe Givati said the woman had been seen surveying the area while sitting on a stairway before the attack.

Givati said the incident was unusual because it involved a married woman with children. "We don't

know for sure if this was a terrorist act, or whether it was motivated by fanatic religious feelings, or whether the woman was emotionally unstable," he said.

He said that neither the woman nor her family had a record of terror attacks, though family members were known to police for their criminal activities. He said the attack might have been criminally motivated.

The woman's father, Jamil Amr, denied that his daughter had been unstable and said she had been a "respectable, honourable woman."

Givati said the attack appeared to be unconnected to two previous stabbings of Jewish youths in Hebron's casbah in April and June.

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BAGDAD	28	24	32	Clear
BANGKOK	28	24	32	Clear
BIRMINGHAM	14	10	18	Cloudy
BOMBAY	28	24	32	Clear
BRAZILIA	28	24	32	Clear
BUDAPEST	14	10	18	Cloudy
CHICAGO	14	10	18	Cloudy
COPENHAGEN	14	10	18	Cloudy
DALLAS	14	10	18	Cloudy
DELHI	28	24	32	Clear
DENVER	14	10	18	Cloudy
DUBLIN	14	10	18	Cloudy
HAARLEM	14	10	18	Cloudy
HONG KONG	28	24	32	Clear
JAKARTA	28	24	32	Clear
JERUSALEM	28	24	32	Clear
LONDON	14	10	18	Cloudy
LUXEMBOURG	14	10	18	Cloudy
MADRID	14	10	18	Cloudy
MILAN	14	10	18	Cloudy
MONTREAL	14	10	18	Cloudy
MOSCOW	14	10	18	Cloudy
MUNICH	14	10	18	Cloudy
NEW YORK	14	10	18	Cloudy
PARIS	14	10	18	Cloudy
ROME	14	10	18	Cloudy
SAN FRANCISCO	14	10	18	Cloudy
SEATTLE	14	10	18	Cloudy
SINGAPORE	28	24	32	Clear
STOCKHOLM	14	10	18	Cloudy
TOKYO	28	24	32	Clear
TORONTO	14	10	18	Cloudy
VIENNA	14	10	18	Cloudy
ZURICH	14	10	18	Cloudy

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	Yesterday's Humidity	Yesterday's Min-Max	Today's Max
Jerusalem	44	16-27	28
Golan	34	16-30	31
Nahariya	39	20-30	31
Safed	39	18-28	29
Haifa Port	30	21-36	37
Tiberias	30	21-36	37
Nazareth	30	19-31	32
Afula	49	20-32	33
Sharon	47	19-30	31
Tel Aviv	70	21-30	30
B-G Airport	65	20-30	31
Jericho	40	20-36	38
Ces	71	21-29	29
Beersheba	34	17-32	32
Eilat	15	24-38	39

CABINET

(Continued from Page One)

requested not received cabinet authorization to pursue the international conference in Washington. "Camp David and the coalition agreement remain government policy," he said.

Shamir and other Likud spokesmen based their stand on what they said was American opposition to the participation of the Soviet Union in the Middle East peace process. That position was supported by Defense Minister Yitzhak Rabin, who said in Washington last week that, as far as he knew, the Reagan administration was opposed to an international conference.

But Peres maintained yesterday that he had received no indication of U.S. opposition to a conference. "I have read of such opposition in the media, but have not heard of it from American officials," Peres said in an airport press conference. "I know the opinions of the president, the secretary of state and those dealing with the issue, and I don't see any dispute between us."

Despite the clear-cut differences between Labour and the Likud on the issue, it is not expected to lead to a political crisis before rotation. "So far they are discussing ideas only, and we are not going to the barricades," sources close to Shamir said last night.

Labour sources reckoned that only a "dramatic breakthrough" in Washington this week or in the attitude of Moscow would precipitate a serious dispute between the two parties. Failing that, they said, the Likud would "swallow just about anything" in the month remaining until rotation.

Sources in the Peres party said before their departure that the prime minister would attempt to explain to the Americans that just about all Israel's successes to date on the road to peace had been in an international context.

The separation of forces with Egypt and Syria in 1975 had been internationally (read American) arranged, as had the Camp David accords, the sources said.

Peres's advisers have justified the agreement to an international conference by referring to the 1977 agreement between then-defence minister Moshe Dayan and former president Jimmy Carter, in which Israel agreed to participate in an international conference.

"In fact," one senior official said yesterday, "the Mena House conference in 1977 was the first meeting of the preparatory committee. We are simply following the Likud's example."

Shamir yesterday dismissed the 1977 decision by the Begin government as "irrelevant." The decision was taken before the Camp David accords and under pressure from Carter, who was a proponent of an international conference, he said. "Today the situation is totally different. The U.S. is against an international conference. So why do we need that problem?"

CANCELLED. - The government yesterday cancelled the appointment of Yeshoshua Davidovitz as the director-general of the Labour and Social Affairs Ministry because of opposition from a committee headed by the civil service commissioner.

Civil Defence Exercises Tomorrow

in Tel Aviv, Herzliya and Ramat Hasharon Areas

Civil Defence exercises will be held tomorrow, Tuesday, Sept. 16 in Tel Aviv, Herzliya and Ramat Hasharon municipal areas.

There will be simulated firing and sirens will be sounded during the course of the exercises. In case of an actual alert, sirens will be sounded on an ascending-descending scale.

HOME AND FOREIGN NEWS

Jordan sets survey of farming in West Bank

By JOEL GREENBERG

and agencies

Jordan plans a survey of agricultural land in the West Bank as part of an effort to promote the export of farm products from the area to Jordan, informed Palestinian sources say.

The sources say a Jordanian government committee has been set up to plan the survey, which is to be carried out by Jordanian officials who will visit the West Bank and measure agricultural areas and their output. The results are to be used to help Jordan plan its imports of goods from the West Bank, according to the sources.

Jordan has said it will ease restrictions on import of agricultural produce from the territories and the council of Arab Economic Unity, in its 41st conference in Amman last week, approved a Jordanian proposal to open a central market in Amman to sell West Bank and Gaza fruits and vegetables to other Arab countries.

Last month, a Jordanian delegation visited the West Bank to survey public transport facilities.

In other moves to tighten links with the territories, Jordan has introduced weekly one-hour radio and television programmes of news and comment by Jordanian officials and leaders from the territories. It has also reinstated daily weather forecasts for the territories.

Last week, Usama Asfour, an official of the Cairo-Amman Bank, said in Amman that the bank had approved the reopening of a branch in Nablus, closed since 1967.

Official Jordanian sources also said that Jordan had taken measures to ease travel restrictions across the Jordan river.

Leaflets were distributed yesterday in Amman and the West Bank calling for strengthening the "sacred unity" of the Palestinian and Jordanian peoples.

Signed by the "Preparatory Committee for the Jordanian-Palestinian Coalition," the leaflets called on both the PLO and Jordan to "listen to the silent majority's views on the Palestinian cause and destiny."

It urged the PLO to coordinate its policy with Jordan, and called on "all parties concerned" to recognize UN Security Council resolution 242. It called for Israeli withdrawal from the territories and the holding of an international Middle East peace conference.

Histadrut draws up strike plan

By ROY ISACOWITZ

Post Labour Correspondent

TEL AVIV. - Trade union officials have begun drawing up plans to strike strategic factories if private sector wage negotiations are not resumed, Histadrut sources said yesterday.

The Histadrut's strike committee and the secretariats of the private sector unions are scheduled to meet tomorrow to coordinate their strike plans.

The Histadrut central committee yesterday approved the labour dispute declared last week by the Labour federation's Trade Union Department and empowered the strike committee to take any necessary action.

The negotiations between the Histadrut and the private sector employers collapsed late last week over the Histadrut's demand that the new agreement be signed for one year only, rather than for two years as was previously done.

Employers' representative Avi Pilosoff yesterday warned the Histadrut that the employers would not be deterred by threats and would not accede to the Histadrut's demands. "They must realise that we are all sitting on the same branch and if they decide to cut it, we will all fall," he said.

Pilosoff said that he could not understand the demand for a one-year agreement, because all previous agreements had provided for a review of wage compensation after the first year.

Maccabi's Johnson deadline nears

TEL AVIV. - Maccabi Tel Aviv sought to shrug off the dilemma over the future of Lee Johnson when he defeated the visiting Greek club Aris Saloniki in an engaging pre-season basketball friendly at Yad Eliyahu last night.

But behind every move in the champions' 93-91 victory lay the knowledge that they must decide at one o'clock today whether or not to keep Johnson, or to ditch him.

Johnson was in action for some five minutes last night - the first time he has played in nearly three weeks - and so was his possible replacement, centre Ivan De Joseph who put in an impressive display.

New Shin Bet head takes over

By MENACHEM SHALEV

For the Jerusalem Post

The Shin Bet (General Security Service) gets a new chief today, and one of his first challenges will be to end the rift between the State Attorney's office and the Shin Bet's legal department.

Former Shin Bet chief Avraham Shalom, who received a presidential pardon for ordering the killing of two terrorists taken alive after a bus hijack, and for subsequent cover-ups of the affair is to take a three-month vacation prior to leaving the service.

Attorney-General Yosef Harish yesterday met with three of 25 legal scholars who petitioned Peres last

week about two Shin Bet attorneys implicated in the affair.

The attorneys will be leaving their posts in the near future, Harish told the professors.

Harish also told the three - Prof. Emeritus Shneur Zalman Feller, and Professors Ruth Gavison and Pinhas Shifman of the Hebrew University - that he supports the two lawyers' dismissal, both as a matter of principle and as the only way to heal the rift with the State Attorney's office.

Previous attempts by Harish and Justice Minister Avraham Shari to work out a compromise on this issue failed.

The Israel Bar yesterday requested permission from the Supreme

Court to examine the High Court of Justice file on the validity of the presidential pardons granted the Shin Bet personnel. The Bar wants to gather information about the offences attributed to the two Shin Bet attorneys.

Next Tuesday, the Bar will discuss possible disciplinary action, perhaps leading to disbarment, against the two attorneys, who have admitted manipulating evidence presented to commissions investigating the affair.

Meanwhile, the police are still discussing ways of resolving the contradictions between testimony given by Shalom and that given by Peres and Vice Premier Yitzhak Shamir.



The French contingent of Unifil comes out in full force on the weekend following the latest remote-control roadside bomb attack on the French. (AFP telephoto)

Kuwait paper lauds Alexandria

KUWAIT (AP). - A lone Kuwait newspaper yesterday praised last week's Egyptian-Israeli summit amid a welter of critical comments from other newspapers in the Gulf region.

The right-wing daily *Al-Seyassah* described Friday's agreement between Egyptian President Mubarak and Prime Minister Peres to work for an international peace conference as "a historic achievement for Egyptian diplomacy."

The comment contrasted sharply with reactions from other newspapers in Kuwait, the United Arab Emirates and Bahrain.

The negative reactions ranged from a statement by Bahrain's *Akhbar Al-Khaleej* that the summit "did not produce a thing for the Arab side" to a pronouncement in the UAE's radical *Al-Khaleej* that the meeting was "ridiculous."

But *Al-Seyassah* argued in its editorial that Egyptian diplomacy succeeded in linking the summit to

conclusion of an agreement on the Taba issue, and "secured an Israeli commitment to enter negotiations under an international umbrella in 1987."

It was referring to the Egyptian-Israeli agreement to settle the Taba dispute through arbitration, and the announcement by Mubarak and Peres that an international conference could help bring peace to the Middle East.

"Israel managed over the past decades to win allies not only in the United States, but also in Europe and even the Soviet Union, while exaggerating the issue of Arab terrorism," *Al-Seyassah* wrote.

"In view of the absence of unified Arab military action, President Mubarak had no choice but to disassociate Israel from the United States by telling the world that Israel was the party that procrastinates and refuses to sit at the negotiation table," *Al-Seyassah* went on.

"Furthermore, the Egyptian di-

plomacy has succeeded in driving a wedge in Likud-Labour Israeli partnership and convincing the world that the talk about the Arabs' rejection of peace was merely a brand of Israeli propaganda," it added.

The Saudi newspaper *Al-Sharq Al-Awsat* reported that Egypt was keen to involve the PLO in any peace negotiations and was pressing the PLO to help by accepting the controversial UN Security Council Resolution 242.

Quoting unidentified Egyptian Foreign Ministry officials, the paper said that the PLO expressed readiness to recognize 242 in the course of contacts in this connection "on condition that this be a result of peace negotiations and not a condition for starting the negotiations."

The PLO refusal to recognize 242, which implicitly acknowledges the existence of Israel, has been a key demand of the United States for involving the organization in any peace negotiations.

Prisoner kills two cellmates in Nablus

By JOEL GREENBERG

and Itim

Two security prisoners in Nablus jail were yesterday choked to death in their sleep by a cellmate who said they had collaborated with Israeli authorities, police sources said.

The 21-year-old Kalkiya man called a prison warden at 5 a.m. and told him to "take your two dogs out

of here." He later admitted to killing the two men, both aged 22 and from Nablus.

All three prisoners had been arrested on suspicion of involvement in a number of anti-Israeli attacks, and membership in the Popular Front for the Liberation of Palestine. They were being held pending the conclusion of legal proceedings.

Youth stabbed during drinking binge

HAIFA (Itim). - A 15-year-old from Kiryat Yam was arrested yesterday on suspicion of stabbing two other youths on Friday night while the three were on a drinking binge.

Hasdera, the Kiryat Motzkin pub where the three had drunk considerable amounts of beer and vodka, was closed yesterday by the police.

The stabbing is said to have taken place at the fountain in the centre of Kiryat Motzkin, after one of the youths had passed out. Police cannot establish any reason for the attack.

IDF revokes order banning Shabbat calls

Post Defence Reporter

Senior IDF officers yesterday countermanded an order issued in a Jordan Valley unit by the IDF chaplain banning telephone calls home on Shabbat.

The senior officers took action following complaints by reservists remaining at the base over the weekend that their unit's phone operator had informed them of orders not to permit personal calls on Shabbat.

FRANCE

(Continued from Page One)

Bags and cases will be checked in public places, such as department stores, etc.

Asked about Unifil, the Prime Minister said that in spite of his recent appeals to the UN, the position of the French contingent in Lebanon was getting worse.

"I called (French General) Pons (Unifil's second-in-command) this morning and I was positively outraged and stupefied to hear that the commander of the Unifil (Finnish general Gustav Haeggelund) had quietly gone on leave till October. I was exasperated by such irresponsible behaviour."

Chirac said he had requested an urgent meeting of the U.S. Security Council on Unifil. The meeting is to take place on Wednesday, when Maastricht-Goulding, vice-secretary of the UN, returns from his mission in the Middle East.

The Prime Minister explained that it was the responsibility of the UN to see to it that Unifil's means are commensurate with its mission.

Shahal turns down proposals from Arab electric co.

The future of the near-bankrupt Jerusalem District Electricity Company hangs in the balance after talks between its chairman, former Jordanian government minister Anwar Nusseibeh and Energy Minister Moshe Shahal ended deadlocked late yesterday.

The minister said that proposals by the Arab-owned company to clear its NIS 20 million debt to the Israel Electric Corporation were unacceptable.

But Nusseibeh, speaking after the meeting, insisted: "We are not prepared to make any more concessions. It is now up to the Israelis to make the next move."

The row over the company has become politically-charged, with JDEC officials accusing the government of trying to take it over. But Energy Ministry officials insist that the matter is purely commercial. The JDEC is one of the biggest Arab-owned enterprises in the West Bank.

At last night's meeting with Shahal, Nusseibeh repeated the JDEC's

position that it was ready to cede to the IEC three of the Jewish suburbs it supplies.

In the other Jewish areas it serves, the JDEC would continue to supply electricity, but the distribution of power, maintenance of the grid and all customer services would be carried out by the IEC.

Among the Jewish areas served by the JDEC are Gilo, East Talpiaz, French Hill and parts of Ramot Eshkol.

Shahal replied that he did not see the suggestions as a solution to the company's problems, and reminded Nusseibeh that the JDEC's concession runs out at the end of this year.

The proposals would not ensure a regular supply of electricity to consumers nor guarantee the return of the money owed to the IEC and the regular repayment of bills in the future, Shahal said.

Nusseibeh said after the meeting: "Whatever the outcome of today's talks, we have decided that we will not shift from our present position."

Natural gas pipeline for Alexandria-Ashkelon?

By BERNARD JOSEPHS

Jerusalem Post Reporter

Oil prices and the building of a natural gas pipeline between Alexandria and Ashkelon is expected to be the main topic when Energy Minister Moshe Shahal visits Egypt for three days next week.

News that Shahal is to go to Cairo at the invitation of Egyptian Oil Minister Abdel Hani Kandil comes after a series of price rises in Egyptian crude, Israel's main source of oil.

But Energy Ministry officials pointed out that the invitation was issued some time ago, and that relations between the ministry and the Cairo authorities are "excellent."

The gas pipeline is thought to have been discussed last week by President Mubarak and Prime Minister Peres.

Egypt has large reserves of natural

gas which Israel is willing to buy. The most efficient way for it to be delivered is through a pipeline to Ashkelon where a new power station is being built.

Apart from oil prices - Egypt increased the price of its crude by over \$4 a barrel last month - oil exploration is also expected to figure in the talks.

Following Egypt's recent major off-shore oil strike near El Arish, Israel has increased oil exploration in the area. In April, Kandil agreed to send some of his oil experts to help in the search.

A plan to set up an electricity grid in cooperation with the Egyptians may also be on the agenda. Speaking earlier this summer, Shahal said the two countries' grids could be linked so that they could sell and buy each other's excess capacity.

MKS call report on Suissa far worse than anticipated

By YORAM GAZIT

TEL AVIV. - The findings of the investigation into alleged improprieties by Prisons Service Commissioner Rafi Suissa are far worse than anticipated, two members of the Knesset Interior Committee told *The Jerusalem Post* yesterday after they had read the report.

Mordechai Virshubsky (Shinui) said Suissa must be dismissed from the job, but Dov Shilanski (Likud), the Interior Committee chairman, did not want to express an opinion yet.

The sharp differences over the report between Bar-Lev and police comptroller Avraham Adan, which were evident during the committee's meeting last Thursday, forced Shilanski to postpone discussion until his fellow members had had a chance to read the report.

Bar-Lev has not disputed the findings of Adan's report, which detailed the following offences: giving misleading information and doctored statistics to the police minister; favouring certain prisoners; hiring relatives and friends who were not qualified for their jobs; and giving unwarranted privileges to prisoners who are his relatives.

But in several instances, Bar-Lev has tended to accept Suissa's explanation that his misconduct was not premeditated, while Adan

thought otherwise and regarded the offences as more severe than Bar-Lev did.

The police minister yesterday rejected the demand to dismiss Suissa, saying that he, and not Virshubsky, would decide. He said he would keep Suissa on as commissioner despite the report's serious findings, since, he said, Suissa was essential to the Prisons Service and, Bar-Lev hoped, he would learn from his mistakes.

But Virshubsky was equally firm that, in his opinion, Suissa should be removed, since he had violated prison regulations and given misleading reports to the police minister.

Shilanski told *The Post*: "The report's findings are much more serious than the police minister has indicated to committee members. He smoothed over the facts and created a good mood during the meeting so that, at the end, I thought there was nothing serious against Suissa."

"Now I have to reconsider everything, keeping in mind Suissa's contribution to the Prisons Service and his personal fate."

Two months ago three Prisons Service officials, who had been transferred from their posts, made a number of allegations about Suissa's conduct. The police found no grounds for criminal action against him for forgery, fraud and bribery.

A gathering at the grave of our dear

IDA M. BUFFENSTEIN

will take place on

Tuesday September 16, 1986 at 5 p.m.

at the New Cemetery in Ra'anana (Kfar Nachman.)

The World Labour Zionist Movement

mourns the passing of

JULIUS GLASER

publisher of the Jewish Frontier

beloved friend, diligent worker

who left us just prior to the time at which he planned to join us in Jerusalem.

Judy Widetzky
Secretary-General

Yehiel Leket
Chairman

On the thirtieth day since the passing of

TUVIA PUSHKAR

we extend condolences to the grieving

Pushkar and Kessel families.

Soldiers' Welfare Association

THE CYSTIC FIBROSIS ASSOCIATION IN ISRAEL

mourns the death of

Prof. HARRY SHWACHMAN

who devoted his life and work to research into C.F.

and to the treatment of its victims.

Passed away in Boston, U.S.A., September 10, 1986.

On the first anniversary of the passing of our beloved

Dr. NISSAN PREMINGER

we will meet at the graveside for a memorial service

at 4 p.m. on Wednesday, September 17, 1986 (13 Elul 5746).

The service will be held at the Nahlat Yitzhak cemetery, Tel Aviv.

The Family

Kremlin crudely distorting evidence, Daniloff charges

MOSCOW (AP). — American reporter Nicholas Daniloff yesterday denied Soviet claims that he admitted taking part in a CIA operation and said "Kremlin officials were using 'crude distortions' of his testimony to undermine his credibility."

Soviet television had an interview scheduled for last night with Edward Lee Howard, a fired Central Intelligence Agency agent who defected to the Soviet Union last month. Daniloff suggested that Howard might accuse him of working for the CIA.

"Should that happen, of course, we are in a situation where it's his word against my word, and the word of the President of the U.S.," said Daniloff, 51-year-old correspondent for U.S. News and World Report.

President Reagan has publicly assured the Soviet Union that Daniloff did not work for the CIA. The newsman has repeatedly denied he ever had any connection with an intelligence agency.

Daniloff called his case political rather than legal, and said he hoped it could be resolved before Friday, when U.S. Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze meet in Washington in a bid to prepare for a new superpower summit.

Daniloff said he was taking his life "one day at a time" and could not predict what diplomatic solution might be found to his case. But he was opposed to an outright swap involving himself and Gennadi Zakharov, a Soviet physicist arrested in New York August 23 and charged with espionage.

Daniloff gave his first detailed account of his arrest and 13 days at Lefortovo prison during the news conference held at the U.S. embassy.

Daniloff said he was released to the custody of U.S. Charge d'Affaires Richard Combs "is a great relief from the sort of mental torture that I have had to bear over the last two weeks."

Daniloff noted, however, that he still faces a three-count espionage indictment, must be available for questioning and is not permitted to leave the Moscow area.

The same restrictions apply to Zakharov, who was released to the custody of Soviet Ambassador Yuri Dubinin in exchange for Daniloff's release in Moscow.

Daniloff reiterated his contention that he was set up by the KGB as an attempt to gain Zakharov's release.

The newsman said a Soviet acquaintance named Misha gave him a packet, and that he did not know what was in it. Daniloff said he was then arrested by eight KGB agents and put into a closed van with his hands manacled behind his back.

In the prison, the package was opened and Daniloff said he was shown photographs of military objects and maps marked "secret."

On Saturday, Soviet Foreign Ministry spokesman Gennadi Gerasimov told a hastily called news conference that Daniloff admitted taking part in a CIA operation to establish contact with a Soviet citizen.

Daniloff said that during 30 hours of questioning, he repeatedly denied being a CIA agent or helping the agency in any way. He said those statements were included in the transcript of the interrogation that he was shown by his interrogator, KGB Colonel Valeri Sergodeyev.

Gerasimov also charged that Daniloff worked under the instructions of a U.S. diplomat named Natirboff, who Gerasimov claimed was the chief of CIA operations in Moscow. Natirboff, who was Regional Ambassador for Regional Affairs, left the country about two weeks ago.

Daniloff denied the accusation, which he said appeared to stem from an "unsolicited letter" he found in his mailbox in January, 1985. He said it was addressed to the U.S. Ambassador in Moscow.

Daniloff said he gave the letter to the embassy without opening it. "The embassy subsequently asked me a few questions about this letter," he said. "I answered those questions and then I had nothing more to do with this letter or embassy officials, or anything that may have flowed out of that letter."

Daniloff did not give any other details on the subject.

Daniloff said he did not want to go into details on his interrogation because the charges are still pending against him.



Journalist Nicholas Daniloff, released in the custody of the U.S. embassy in Moscow late last week, raises his arms in jubilation as his wife Ruth looks on during a press conference yesterday. (Reuters)

KGB threatens group seeking to join spouses

MOSCOW. — A group of Russians trying to join their American spouses has been warned by the KGB that unless they stop public activities, the exit visas for two group members might be held up for months, it was alleged yesterday.

Matev Finkel, whose wife Susan Graham lives in Spokane, Washington, said KGB officers had ordered him to cancel plans to travel to Riga, Latvia, to deliver a letter of protest to a U.S.-Soviet conference being held there this week.

"They said that if I continue to try to go to Riga, I will be imprisoned," he said. "The authorities had taken his internal passport and driver's license to ensure he did not leave Moscow, he said."

Finkel said he was first detained on Friday for five hours and questioned closely about his wife and her

family. At the time, officials confiscated an open letter of appeal to Soviet leader Mikhail Gorbachev, U.S. President Ronald Reagan and British Prime Minister Margaret Thatcher, he said.

Finkel said the KGB interrogators told him to inform everybody in his group that "if we try to continue our activity, it will be bad for (Roman) Kuperman and (Tamara) Tretyakova," two members who were also promised exit visas last week.

"They said their visa could be delayed for months," Finkel said.

Kuperman is married to Francis Pergerich of Chicago, Illinois. Tretyakova is the wife of Simon Levin, of Deerfield, Illinois, who emigrated from the Soviet Union in 1978 and became a naturalized U.S. citizen.

IRA slays alleged Protestant killer

BELFAST (Reuters). — A prominent Protestant paramilitary figure was shot dead in Northern Ireland yesterday and the Irish Republican Army (IRA) claimed it killed him because he had masterminded a

wave of Catholic killings, police said.

John Bingham, 33, was at home with his wife and two children when he was shot. The other members of the family were unharmed.

Iraq consul in Karachi killed by car-bomb

KARACHI (Reuters). — Iraq's deputy consul-general in Karachi, Nathal Abdul-Latif, was killed yesterday in the second bomb attack on Iraqi diplomats in Pakistan's biggest city in four months.

Police said Abdul-Latif died when a bomb exploded in his car as he drove to work in the smart defence housing society suburb.

An unidentified passerby was seriously wounded by flying splinters and rushed to hospital.

Four months ago a bomb was placed under the car of another Iraqi consular official in Karachi, Rashed Jassim Saeed, an Iraqi embassy spokesman said, but the device fell off and exploded harmlessly.

Police said no claim of responsibility had been received, but the Iraqi embassy immediately blamed Iran, Baghdad's bitter enemy in the Gulf war, for the "reprehensible crime."

The attack came nine days after the Pan Am hostage drama at Karachi International Airport, in which at least 21 hostages were killed and more than 100 injured. The four Palestinian hijackers are still being interrogated at a military high-security zone just outside the city.

MIDEAST NEWS IN BRIEF

PLO meeting postponed

TUNIS (AFP). — A PLO reconciliation meeting scheduled to begin yesterday in Algiers had been postponed for an unspecified period because of "some obstacles," said PLO spokesman Ahmad Abdul Rahman yesterday.

The meeting was to be attended by representatives from the mainstream Fatah movement, the Damascus-based Democratic Front for the Liberation of Palestine, the Palestine Communist Party, the Palestine Liberation Front and the Arab Front for the Liberation of Palestine.

Abu Jihad to Baghdad

PLO chairman Yasser Arafat's deputy, Abu Jihad (Khalil Wazir), will leave Tunis shortly to reside permanently in Baghdad, reported the *Al-Bayan* daily of Dubai yesterday. Abu Jihad was expelled from Amman in July during King Hussein's crackdown on the PLO's Fatah branch.

New kidnap claim

BEIRUT (AP). — A pro-Libyan underground group claimed responsibility yesterday for the kidnapping of Frank Herbert Reed and Joseph James Cicippio in Moslem West Beirut last week. The communiqué issued by the Arab Revolutionary Cells-Omar Moukhtar Forces was the second claim of responsibility for the abduction of the Americans.

West's Big Three moot anti-terror accord

Delta Force bases for UK, Germany

By DAVID HOROVITZ
Jerusalem Post Correspondent
LONDON. — The U.S., West Germany and Britain appear ready to create an anti-terror network that would speed up deployment and eliminate the kind of delay that kept the U.S. Delta Force from arriving at Karachi in time to act.

Whitehall sources said they believe Britain will approve a U.S. request to set up a Delta Force base here, and West Germany is expected to follow suit.

The sources believed that Delta Force would form part of a joint anti-terrorist centre at the Special Air Service (SAS) headquarters in London, a move that would also give Whitehall an effective veto on Delta Force operations from Britain.

It is estimated that a British or German base would save Delta Force up to 16 hours in reacting to terror attacks in Europe or the Middle East. The U.S. force, based currently at Fort Bragg, North Carolina, is reported to have got only as far as Germany during the Karachi incident when the Pakistanis stormed the Pan Am airliner.

The sources suggested that, by agreeing to the U.S. request, Britain might reduce the chances of a future American call for cooperation in a military strike such as that launched against Libya in April.

Delta Force was established late in the 1970s and has yet to take part in a successful anti-terrorist operation. Other than its disastrous attempt to free American hostages from the U.S. Embassy in Teheran in 1980, the force has been used only during the invasion of Grenada, when 22 of its members were reported killed in early fighting.

Meanwhile, yesterday's *Sunday Times* reported that the Karachi terrorists' shooting spree, which resulted in the deaths of 22 passengers, was triggered by a Pakistani marksman's attempt to shoot a terrorist leader through the windscreen of the

Pan Am jumbo's cockpit.

According to the report, the hijacker heard the sharp cracking sounds as the marksman's bullets hit, but failed to penetrate the plane's windscreen. He called his three colleagues, who then began shooting wildly.

The marksman was acting as the lead-off man in the Pakistani commando operation to take control of the plane, but the assault went off course because the planners had not realized that the bullets would not pierce the plane's reinforced windshield from 400 metres away.

Technically, the windscreen is not bullet proof, but it can resist bullets if the angle of fire is not direct or if the fire comes from some distance away.

In another terrorism-related story, the *Sunday Express* said that Scotland Yard said it believes the Hindawi family may be the common link behind a series of terror attacks in Europe over the past year.

Two officers from the Yard's anti-terrorist squad spent the weekend in Genoa, questioning Hawdi Hindawi, 24, who has been held in Italy since June on terrorism charges. Hindawi is a cousin of Nezar Hindawi, currently awaiting trial in London, accused of trying to smuggle a bomb on board an El Al plane at Heathrow Airport.

According to some reports, a third cousin, Ahmad Narwa Mansour Hasi, has been jailed in West Germany for some time, suspected of a role in the West Berlin disco bombing.

The police officers are also believed to be investigating possible links between the Hindawi cousins and the four Palestinians who hijacked the Italian Achille Lauro cruise liner last October.

All three cousins have distant links with Jordan's royal family and are said to be members of Amman's high society.

More black schools closed by Pretoria

JOHANNESBURG (Reuters). — The South African government said yesterday it had closed 13 more black schools because of student boycotts and classroom disruption.

The announcement from the Department of Education and Training (DET), which last week closed 20 other schools in eastern Cape Province, fuelled concern about the crisis in black education.

DET spokesman Job Schoeman told Reuters that 10 of the 13 schools were in Soweto, the huge black township south of Johannesburg which has been racked by years of political violence.

A statement from DET director-general Braam Fourie said attendance at the schools had been virtually zero and effective education had become impossible.

Secondary schools have been in the centre of protests by blacks seeking political rights. After imposing a national state of emergency last

June, the government began a crackdown aimed at restoring order in classrooms. It issued identity cards to pupils, put troops in some schools and announced that children who failed to register would be barred from receiving an education for the rest of the year.

Black parents' organizations and some universities have voiced alarm over the education crisis. The black National Education Crisis Centre has appealed to Pretoria to stop closures, saying attendance will rise when troops are withdrawn from schools and pupils detained under the emergency released.

The government yesterday reported two more black deaths in political violence — a man "murdered at a workers' hostel in So" and a black killed by a security patrol near Port Elizabeth. The report said the patrol was returning fire after it was shot at by gunmen. At least 291 people have now died violently since the emergency was declared.

Storm in Austria over party's election of 'Hitler's heir'

By ILONA HENRY
Jerusalem Post Correspondent
VIENNA. — Austria's coalition government has been thrown into crisis following Saturday's election of an ultra right-winger to head the junior coalition partner, the Freedom Party (FPÖ).

Delegates at the FPÖ congress chose Joerg Haider, dubbed even within his own party as "Hitler's natural heir," over the more moderate Austrian Vice-Chancellor Norbert Steger who has headed the party

since 1980. The governing Socialist Party and its other coalition partner, the small Liberal Party, have called for an emergency meeting following the developments.

Chancellor Franz Vranitzky said about the newly-elected party leader, "There are worlds separating us."

The Socialists, who have already suffered losses because of their small coalition partner, were happy over the past three years with Norbert

Steger, who led the FPÖ with a lot of flexibility as he wanted to prove that it was fit for government responsibility.

The new development may mean early parliamentary elections — in the first weeks of November rather than the scheduled elections in April 1987.

Socialist Party leader, Fred Sinowatz, who resigned his position as Chancellor following the Waldheim affair, has decisively declared that he would not join a coalition with Haider.

Early elections do not appeal to the Socialist Party, which wanted to have time for new Chancellor Vranitzky to prove himself before going to elections. But Vranitzky is so popular and his personal polls so much more favourable than those of his party that he may take the risk.

Last night the FPÖ was due to meet to decide whether Steger would continue as Vice Chancellor and leader of the party until the next elections.

Policeman lies dying of stab wound in heart as apathetic Muscovites watch

MOSCOW (AP). — The young police officer, stabbed in the heart by a burglar, lay bleeding in a courtyard for 15 minutes while residents watched from their apartments and did nothing. He died on a hospital staircase where his frantic comrades were carrying him because they couldn't find an elevator operator.

This tragedy of urban indifference, reminiscent of a New York murder in the 1960s in which an estimated 38 people watched a young woman stabbed to death without calling the police, was recounted in a recent issue of the youth newspaper *Komsomolskaya Pravda*.

Militia officer Sergei Kozlov died in the early hours of September 4. Sixty hours later his killers were arrested, the paper said.

A man in his 20s, Kozlov had been working for the detective division of the police system in the south Russia

town of Rostov-on-the-Don for about a year.

That night he was in a squad car with militia Major Alexander Zanosovsky. A call came in about "five bold apartment burglaries." When they got to the scene, said the paper, two men in leather coats were running through a courtyard.

"Everything happened in seconds. Kozlov couldn't fend off the first, unexpected blow. The knife went straight into his heart. He continued the fight ... but there was blow after blow."

Zanosovsky also was wounded but managed to knock one of the burglars to the ground before he was stabbed in the back of the shoulder and the attackers fled, the report said.

Kozlov lay bleeding, surrounded by about 200 apartments, many of them with their lights still burning,

the story said.

"There was a noise at about 2 o'clock in the morning," said a woman who lives in one of the nearby apartments. "Then someone called for help." She said she didn't go outside to find out what had happened and she was afraid to discuss the case because she didn't want a court summons.

"Eight residents stood near Sergei," a policeman who later arrived on the scene said. "They simply stood and looked. No one tried to stop the bleeding ... Sergei was alive."

An ambulance brought Kozlov to the hospital and he was still alive while his colleagues "ran from floor to floor trying to find the elevator operator," the story said. They didn't find him, and decided to carry him up the stairs.

Kozlov survived only one flight.

Dollars and sense ...

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Now the Hard Part

David G. Klein

The Struggle for a Summit Is Far From Over

By BERNARD GWERTZMAN

WASHINGTON FOR most of last week, Soviet and American diplomats struggled to prevent relations from plunging out of control following the arrest in Moscow of Nicholas S. Daniloff, the correspondent of the magazine U.S. News & World Report. Some of the heat was drained from the controversy by the agreement Friday to release Mr. Daniloff and Genadi F. Zakharov, the Soviet employee at the United Nations who was accused of spying, and to place them in the custody of their respective ambassadors.

But relations remained tense, with distrust evident on both sides. Yesterday, the Russians charged that Mr. Daniloff had worked closely with an American diplomat they identified as the Central Intelligence Agency station chief in Moscow. The charge was made shortly after Mr. Daniloff, now living at the American embassy, issued a statement that "I have no official or secret relationship with any intelligence agency." A Soviet spokesman also said "the Soviet Union wishes that this trivial and secondary incident doesn't interfere with the development of relations."

If there is to be a meeting between President Reagan and Mikhail S. Gorbachev, the Soviet leader, between the November elections and mid-December, it will probably have to be nailed down later this week, when Foreign Minister Eduard A. Shevardnadze discusses summit prospects with Secretary of State George P. Shultz in Washington.

Given the accumulated resentment of recent weeks, it was far from certain that either side was ready for a summit. In Washington, the arrest of Mr. Daniloff by the Soviet security agency, the K.G.B., unleashed moral indignation akin to the reaction after Soviet warplanes shot down the South Korean airliner that strayed over Soviet territory three years ago. Resolutions condemning the Russians for jailing Mr. Daniloff and subsequently charging him with spying sailed unanimously through both houses of Congress last week. They called for the imposition of sanctions unless he were released immediately. Mr. Shultz, who assumed the task of trying to negotiate a way out of the situation, seemed irritated by the way it turned out. After days of blustering in Washington and Santa Barbara about possible reprisals against Mos-

cow, the Reagan Administration accepted the Soviet proposal to give equal treatment to Mr. Daniloff and Mr. Zakharov. The agreement, which omitted the Administration's earlier calls for the American correspondent's unconditional return to the United States, was viewed at the State Department as a diplomatic defeat.

Mr. Shultz was probably aggravated further because the sequence of events provided new ammunition to his critics in the right wing of the Republican Party, who resist any suggestion of compromise with Moscow. Defense Secretary Caspar W. Weinberger volunteered that Mr. Daniloff's arrest endangered the future of the arms control talks. For their part, Soviet diplomats insisted that the arrest of Mr. Zakharov Aug. 23, less than a month before Mr. Shevardnadze's scheduled visit to

Washington this week, was a provocation intended to upset plans for the summit meeting.

In the Soviet view, the United States was looking for a diversion to distract attention from its refusal to agree to Moscow's call for a ban on all nuclear weapons tests. And the Russians, who said last week that they would fight Administration efforts to reduce by one-third the Soviet presence at the United Nations, saw the arrest of Mr. Zakharov as one more contribution to that campaign.

Routine Approval

American officials also found the Administration's handling of Mr. Zakharov's arrest unsettling, although they did not question the charges against him. He was indicted on three counts of espionage by a Federal grand jury in Brooklyn on Tuesday, accused of accepting classified material relating to jet engine designs from a man who was cooperating with the F.B.I.

What was of concern was that nobody had informed Mr. Shultz beforehand that a Soviet citizen was about to be arrested. The arrest had been approved routinely by lower-ranking

State Department officials. Moscow has repeatedly arrested innocent Americans as a retaliatory tactic when Soviet agents have been jailed in the United States. But no one in the Government appears to have raised a warning flag or pointed out that the timing of Mr. Zakharov's arrest might create unwanted complications at an important juncture in Soviet-American relations.

In the last month, Soviet and American officials have been meeting on an assortment of issues, ranging across the spectrum from strategic arms, nuclear testing and chemical weapons to human rights, Afghanistan and Central America.

The purpose of these conversations was to provide a basis on which Mr. Shultz and Mr. Shevardnadze could decide whether the prospects of formal agreement were

strong enough to warrant the meeting between Mr. Reagan and Mr. Gorbachev that they had agreed should be held this year in the United States. No signs of imminent breakthroughs have emerged, but Mr. Shultz believes there are nevertheless good reasons to proceed with the dialogue, no matter how unpromising the atmosphere. "Of course it damages the relationship," he said, assessing the effects of the Daniloff case. "And of course it damages the ability to move forward on other things."

"That doesn't change the fact, however, that there are possible things that would be in the interest of the United States to bring about," he continued. "And if we can bring them about, it is obviously in our interest to do so. But things like this shift the tone, shift the ability to work problems out — without a doubt — and that's just a fact of life." The most important issues at stake relate to arms control. Mr. Gorbachev has said that he sees no point in a summit unless he can be assured of an agreement or two in this area.

Negotiations are to resume in Geneva this week on strategic, medium-range and space weapons after a summer of unusual diplomatic activity marked by exchanges of proposals between Mr. Reagan and Mr. Gorbachev and meetings of high-level experts. Some specialists remain hopeful that progress can be achieved in this latest round of talks in time to provide a centerpiece for a summit meeting.

The differences over regional issues also remain profound. But there are glimmers of possible Egyptian-Israeli rapprochement, which might spur the Russians to recognize Israel and thus meet the Israeli condition for Soviet participation in a Middle East peace conference in 1987, if indeed such a meeting is ever to take place.

However, unless Mr. Daniloff is soon freed unconditionally, the talk about the summit may be just that, talk.



Nicholas S. Daniloff and his wife in a U.S. Embassy car after his release from prison in Moscow.

1987 Is Declared a Year of Negotiation for Peace

Mubarak and Peres Prepare A Warm Diplomatic Soufflé

By THOMAS L. FRIEDMAN

ALEXANDRIA, Egypt ASSESSING last week's meeting between President Hosni Mubarak of Egypt and Prime Minister Shimon Peres of Israel, a member of the Israeli delegation remarked that it was the diplomatic equivalent of a soufflé — hard and tasty on the surface, but mostly air underneath.

The fact that it was short on substance and focused primarily on improving the atmosphere between Egypt and Israel does not mean that the Peres-Mubarak meeting was a failure. During its buildup, the two countries, with a good deal of coaxing from Washington, finally reached an agreement on how to arbitrate the Taba border dispute, thus removing a major thorn from their relationship. Both Mr. Peres and Mr. Mubarak deserve credit for the way in which they were able to maneuver their respective coalitions at home into resolving the Taba issue and paving the way for the return of Egypt's ambassador to Tel Aviv.

"If I compare Egyptian-Israeli relations with three days ago, I'm struck by the innovation," said Abba Eban, an Israeli Minister Without Portfolio. "It's not the same as before," he added, "it's intimate, it's warm."

At the same time, the warm but low-key reception the Egyptians accorded Mr. Peres could signal an end to five years of "cold-peace" between the two countries. A warming of the peace between Egypt and Israel, if it continues, will undoubtedly have an effect on the Israeli public's willingness to negotiate over other territories.

The summit's final communiqué declared 1987 the "year of negotiations for peace," and the two leaders said that they had agreed in principle to set up a committee to prepare an international peace conference. That, however, was about all the final communiqué did say. In a way, the statement underscored the fact that Arab and Israeli positions have become so frozen, and the "peace process" between them so paralyzed, that all the two sides can really agree on are questions of

style and procedure — but not substance.

When President Mubarak pressed Mr. Peres to accept the principle of Palestinian self-determination within the context of Jordanian-Palestinian confederation, the Israeli Prime Minister balked. His coalition partners in the Likud bloc back home would not accept such a formulation, and he was not ready to press the issue. Some members of Mr. Peres' team urged him to disre-

gard the Likud, but he refused.

Some of Mr. Mubarak's aides urged him to send Mr. Peres home without even the window dressing of a final communiqué if the Israeli leader would not accept the language needed to bring Jordan and the Palestinians into negotiations, but the Egyptian President — mindful of his country's \$2 billion in American aid — opted for the fig leaf.

So in the end, atmospherics won the day. If substance soon follows, then the Peres-Mubarak meeting could be remembered as a positive turning point. If substance does not materialize, however, the warmth that manifested itself in Alexandria will seem like a passing breeze, and 1987 could be remembered as an ominous year rather than a year of negotiations.



President Hosni Mubarak of Egypt (right) talking with Prime Minister Shimon Peres of Israel during their meeting at Ras el Tin Palace in Alexandria, Egypt, last week.

The Dow Plunges

Trying to Compute Madness of Crowds

WASHINGTON THE stock market has long proven to be one of the most reliable predictors of the economic future. But at times it behaves no more rationally than a panic-stricken mob. In the wake of last week's sell-off, in which trading volume for much of Thursday and Friday was a million shares a minute, the question was whether this was one of those prescient markets or one that was mostly just tired and jumpy.

The answer, of course, is that nobody really knows why the Dow Jones industrial average, to take just the most popular gauge, plunged 141.03 points in a single week, including a record 86.81 points on Thursday.

There was no shortage of contributing factors to cite. A prominent, somewhat perverse, one was that the economy, which expanded at a meager six-tenths of 1 percent in the second quarter of the year, was gathering new strength, implying that the long decline in interest rates had probably come to an end.

To be sure, rising interest rates are a double negative for stocks because higher rates in the bond market and at banks provide competition and because higher rates can choke off economic expansion and so reduce corporate profits.

A whiff of revived inflation was also in the air as oil prices firmed, the price of gold went back up over \$400 an ounce and mid-week saw rumors of a fairly

stiff rise in wholesale prices. The actual report, out Friday, was fairly reassuring: a three-tenths of 1 percent rise in August.

Some analysts also thought the impending passage of a sweeping new tax bill was unsettling investors, inspiring some to sell stocks this year before the end of preferential tax rates for profits from securities held at least six months.

What was very clear was that computer-generated trades that attempt to profit from small discrepancies between today's stock prices and the price of stock to be delivered in the future played a crucial role in magnifying the decline.

So-called program trading, though probably stabilizing in the long run, has added immense volatility in the short run. Like the margin calls of the 1920's against those who bought stock largely on credit, it can trigger further declines in prices.

At week's end, John S. R. Shad, a veteran of 34 years in Wall Street who is now chairman of the Securities and Exchange Commission, was actively seeking to dispel the gloom. He saw, he said, no signs of the speculative excesses that normally mark the end of bull markets. He added that neither the capital base nor the processing ability of Wall Street had yet been impaired. Rather than predicting a business downturn, Mr. Shad said, "this reaction" from a 140 percent advance that began in August 1982 "will run its course in the near future."

—ROBERT D. HERSHEY JR.



The World

Relatives grieving during burial ceremony for a victim of Neve Shalom Synagogue massacre in Istanbul, Turkey, last week. Special Features/Sipa Press/Istanbul

Terrorist Violence Spreads Anew In Paris, Mideast

After five months of relative calm following the United States raid on Libya, international terrorism was back with a vengeance. As Western Governments struggled to identify the perpetrators of the Sept. 12 hijacking of a Pan American plane at Karachi airport and the massacre last weekend in an Istanbul synagogue, there were new — albeit less lethal — incidents in Paris and the Middle East.

The four hijackers who killed at least 21 people and wounded 100 at Karachi were highly volatile "youngsters" with no apparent connection to any government, said

President Mohammad Zia ul-Haq of Pakistan. Later, however, the Pakistani police arrested a man described as a Libyan who was suspected of helping plan the hijacking. Defense Secretary Caspar W. Weinberger said the plane's seizure might have been the work of Abu Nidal, a Palestinian. Officials in Washington said the captured hijackers seemed to have prepared a "smokescreen" to hide their affiliations perhaps to thwart retaliation.

As for the Istanbul attack, in which 21 Jews were killed, Turkish officials also suspected Arabs. "Some countries promote terrorism," said Prime Minister Turgut Ozal without naming any. "They want to involve Turkey in Middle East events."

Illustrating his point Israel said it had intercepted four guerrillas, killing one, as they attempted to reach Nahariya, an Israeli seaside resort.

Israeli planes thereupon attacked a suspected Palestinian guerrilla base in the southern Lebanon port of Sidon, killing three people.

In Paris, meanwhile, a bomb killed a woman in the post office at City Hall and injured 19 people. Responsibility was claimed by a group demanding the release from French prisons of three terrorists with Lebanese, Iranian and Armenian affiliations. Another bomb, in a cafeteria at the La Defense office and shopping center, injured 41 people.

3 Lebanese Kidnappings

Three prominent residents of Moslem West Beirut were kidnapped last week, but it was not clear who their abductors were or what had become of them.

On Tuesday, the 53-year-old American director of a private school in West Beirut, Frank Herbert Reed,

was taken from his car by two gunmen, according to the police. Mr. Reed, who is from Malden, Mass., had converted to Islam and was married to a Syrian woman. A man called news agencies to say that the abduction had been the work of a group called the Islamic Holy War; but that group apparently denied any involvement. Mr. Reed was the first foreigner abducted in West Beirut since a Syrian-sponsored security plan went into effect in July.

On Wednesday, a prosperous, Syrian-born Christian businessman, Victor Kenou, was taken by three gunmen in West Beirut. The 50-year-old Mr. Kenou is head of the 59 International Lions clubs in Lebanon and Jordan. No group claimed responsibility for his kidnapping.

On Friday, another American, Joseph James Cicippio, deputy controller at the American University in

Beirut, was taken by four men as he left his apartment on the campus, pistol-whipped and shoved into the trunk of a car. Mr. Cicippio, whose 56th birthday was yesterday, had converted to Islam before marrying a Lebanese woman who is a secretary at the American Embassy. No group claimed responsibility.

The abductions were seen as a challenge to Syria, which sent troops into West Beirut in July to restore order and control the militias battling in the city. There are now 18 foreigners missing in Lebanon after having been kidnapped.

Mrs. King Delays Talk With Botha

Coretta Scott King, the American civil rights figure, was in South Africa last week to attend the installation of Desmond M. Tutu as Archbishop of Cape Town and, she said, to meet with other South Africans to discuss the suffering in their country. Those other Africans were to include the white President, P.W. Botha, and the Zulu leader, Mangosuthu Buthe, who is being pursued by more militant blacks.

But as Mr. Botha was waiting for Mrs. King Tuesday, he received a message that she had decided not to come. She had cancelled the visit under pressure from two militant leaders, Winnie Mandela, wife of the imprisoned nationalist Nelson Mandela, and the Rev. Allan Boesak, president of the World Alliance of Reformed Churches. Both had said they would not meet her if she met Mr. Botha and Chief Buthe.

"After being in South Africa for a week," Mrs. King said in a statement, "I now feel I need more time to acquire a better understanding of the complex problems here in order to have a more substantive meeting with President P.W. Botha. Accordingly, I have informed Mr. Botha of my desire to meet with him at a later date." She added, "I came to South Africa in a Christ-like spirit to gather additional information about the human sufferings here and the need to have a dialogue with as many South Africans as possible."

She did not mention Mrs. Mandela or Mr. Boesak, who was quoted as

having said: "At a time like this, when P.W. Botha's hands are literally dripping with the blood of our children, she cannot come here, being what she is, representing what she is, and then talk to them as if nothing has happened."

President Botha said Mrs. King's "frustrated attempt" to meet him was "yet again a sad reflection on those who find themselves in a make-believe world of political fraud." Chief Buthe, whose organization is among the largest groups in South Africa, said: "As a black leader I apologize to Mrs. King for the indignity which the pressures which have been exerted on her must have made her experience."

Poland Grants Another Amnesty

Poland has granted amnesties before — notably to 650 Solidarity activists released in 1984 — only to rearrest many of the same people when they persisted in defying Gen. Wojciech Jaruzelski's orders to toe the line. So last week's amnesty for 225 prisoners accused or convicted of political offenses was greeted with only mitigated delight.

"All Poles want to have a chance to work for their country, while at the same time holding their own views," said Lech Walesa, founder of the outlawed Solidarity union. Without freedom, he added, dissenters would soon be back behind bars.

The Government hoped the amnesty would smooth the way for eventual Western economic credits and for General Jaruzelski to visit Italy, where Prime Minister Bettino Craxi has championed Poland's imprisoned dissidents.

Once in Rome, the Polish President could visit the Vatican and invite Pope John Paul to make a third tour of his homeland. Poland's church hierarchy has also made release of the prisoners a precondition for dialogue. Western and Communist experts say church cooperation is vital if Poland is ever to impose the austerity they regard as essential to mending the economy.

Milt Freudenheim, James F. Clarity and Richard Levine

Anti-Apartheid Sentiment in the U.S. May Force Europe's Hand Against South Africa

The Debate on Sanctions Gets More Intense

By JAMES M. MARKHAM

WITH painful reluctance, foreign ministers of the European Community will gather in Brussels tomorrow and try to agree on something resembling sanctions against South Africa. If a quiet understanding between Bonn and London prevails, the measures will not cost President P. W. Botha of South Africa much sleep.

The 12-nation Community has been brought to the verge of a decision on South Africa by the realization that the Reagan Administration will probably be obliged by Congress to adopt stronger sanctions than it wants. So, in a sense, the widespread anti-apartheid movement in the United States has moved not just Washington, but London, Bonn, Paris and Rome. "The simple fact that we know the American Administration will be forced into doing something weighs on decision-makers and public opinion," explained a senior adviser to Chancellor Helmut Kohl. "No one wants to be isolated on this one."

With the exception of Denmark, which has proclaimed a total trade boycott of South Africa, there is within the community scant enthusiasm for sanctions. Of the major nations, Britain is the only one in which the sanctions are an urgent issue.

And even there, calls for tougher sanctions are offset by a palpable reluctance to cut trade (and thus jobs) or to cancel commercial air traffic. Prime Minister Margaret Thatcher's strategy has been to buy time. Last month, Britain grudgingly agreed to ban the imports of South African coal, iron and steel if the European Community endorses such steps tomorrow and Tuesday in Brussels.

The erosion of Mrs. Thatcher's anti-sanctions position has left Bonn feeling exposed. Although Britain's

Trade under pressure

1985 imports and exports* (in millions of dollars)

	Total trade with South Africa	Imports from South Africa	Exports to South Africa	South African trade as a percent of total trade
United States	\$3,380	\$2,180	\$1,200	0.5%
West Germany	2,775	1,085	1,690	0.8
Britain	2,560	1,260	1,300	1.2
Italy	2,100	1,800	300	1.3
France	1,020	640	380	0.5
Belgium and Lux.	530	350	180	0.5
Netherlands	360	160	200	0.3
Spain	300	210	90	0.6
Switzerland	270	70	200	0.5
Denmark	220	160	60	0.5
Sweden	160	50	110	0.3

*does not include gold

Source: International Monetary Fund

fixed investments in South Africa are greater, West Germany is South Africa's biggest European trading partner, and its biggest single foreign supplier. Last year West Germany's trade with South Africa came to \$2.7 billion compared to Britain's \$2.5 billion. Within the community, Italy comes third followed by France, Belgium and the Netherlands.

As a nation that lives from international trade, West Germany has traditionally been allergic to economic sanctions of any kind, as the Reagan Administration found when it started leaning on Libya. But an equally powerful German impulse is not to be out of step with its most important allies on a big foreign policy issue. And Bonn is aware that excessive reluctance on South African sanctions could make it a whipping boy in black Africa and jeopardize its significant economic interests there.

West German policy makers note that a brittle global economic situation will not be helped by putting pressure on a troubled financial center like South Africa, which has some \$24 billion in foreign debt. Moreover, German industry and jobs are dependent on South African deliveries of metals like chrome, titanium and manganese. A final consideration in Bonn is the vociferous opposition to sanctions by Franz Josef Strauss, the powerful Bavarian Christian Democratic chieftain who is an effective apologist for the Botha Government.

In Washington, the House gave final legislative approval last week to a sanctions measure and sent it to the President, who is expected to veto it and to fight against an attempt to override it. And the Reagan Administration had already sent unmistakable signals to its European allies not to do anything rash on South Africa.

Well-placed American and European diplomats say that Vernon A. Walters, the head of the United States Mission to the United Nations and one of the Administration's principal trouble-shooters, spent almost as much time talking about South Africa as he did about Libya during a high-profile swing through West Europe this month. A limp sanctions package emerging from Brussels in the next two days would help the Administration in its own confrontation with Congress, especially if the President decides to veto the sanctions package and there is a move to override his veto.

Mr. Walters was preaching to the converted. Last week, London and Bonn held high-level consultations to guarantee that the Brussels meeting does not get out of hand. The British and the Germans have useful support from Portugal, which is concerned about the fate of 750,000 Portuguese passport-holders in South Africa, a number of them farmers who could be ruined by a Community ban on the import of South African produce and fruits.

Chancellor Kohl, too, raised the sanctions question last week during a friendly encounter in Paris with Prime Minister Jacques Chirac. Since Mr. Chirac's conservatives came to power, the pale zeal for sanctions that existed in Socialist-led France has become even more anemic.

Potentially, the Community has the capacity to cripple South Africa, which does more than half its trade with Western Europe. Yet whatever outrage West Europeans may feel over repression in South Africa appears more

House Approves A Sanctions Bill

AFTER more than two years of debate on Capitol Hill and over the objections of President Reagan, the House of Representatives gave final legislative approval last week to a measure that would impose new economic sanctions on South Africa, including a ban on all new American investment.

The overwhelming vote, 308 to 77, was on a measure already approved by the Senate, 84 to 14. Such support indicated that Congress could override a veto. The White House spokesman, Larry Speakes, said Friday that Mr. Reagan intended to veto the bill because it would have a "negative effect" on countries around South Africa and "would impede, rather than advance, our goals of promoting further change in South Africa." There was considerable opposition among Republicans to the President's position.

In addition to banning new investment, the bill would prohibit the import of such South African goods as uranium, coal, textiles, steel and agricultural products; would ban the export to Pretoria of petroleum products, weapons and computers used by agencies that enforce apartheid; and would terminate landing rights in this country for South African Airways. Some supporters of the measure, including the Black Caucus, had favored stiffer sanctions. The most frequent criticism of the bill was that it would throw 600,000 blacks out of work in South Africa. Some supporters said it was designed to put pressure on Pretoria to abandon apartheid; others said it was largely symbolic action.

than counterbalanced by pragmatic considerations. It looks as though the Community will commit itself to very limited, rather protectionist measures — possibly a ban on coal, iron and steel imports from South Africa and nonbinding suggestions for a halt to new investment — and then turn to America to see what the next move might be.

Gorbachev's Reforms Apparently Don't Apply to Russia's Fearful Ministry

As Usual, the K.G.B. Has Its Knuckles Bared

By PHILIP TAUBMAN

WHILE Mikhail S. Gorbachev is reform-minded on many issues, he showed no sign of softening when it came to letting the K.G.B. handle, with its customary hard-line efficiency, the arrest and indictment on espionage charges of Nicholas S. Daniloff, a correspondent of U.S. News & World Report.

The Soviet intelligence and secret police agency, officially known as the Komitet Gosudarstvennoi Bezopasnosti, or Committee for State Security, clearly was the driving force behind Mr. Daniloff's 14-day detention, which, at least temporarily, threw a sudden chill into relations between Washington and Moscow.

That the Kremlin was willing to let the K.G.B. jeopardize ties with Washington at a particularly delicate time — Secretary of State George F. Shultz and Foreign Minister Eduard A. Shevardnadze are scheduled to meet this week — was renewed evidence, if any was needed, that the agency has long since bounced back from troubled days in the 1950's and 1960's to become again a

major force in Moscow. "The arrest of Nick Daniloff was not the action of a rogue K.G.B., but rather the deliberate decision of the Soviet leadership to support the desire of the K.G.B. for revenge," a Western diplomat said last week.

The K.G.B. is the world's largest intelligence and police agency, according to Western diplomats, operating on an annual budget equal to billions of dollars and employing more than 700,000 people.

It is responsible for diverse domestic and foreign security functions handled in the United States by a number of organizations, including the Central Intelligence Agency, the Federal Bureau of Investigation, the Border Patrol, the Secret Service and the National Security Agency.

The K.G.B. is also a state of mind. For Russians it is the embodiment of the authoritarian nature of the Soviet system. "The committee," or the "G.B." as many Russians refer to the agency, is the hand that raps on the front door at midnight. Its roots stretch back across the decades to Stalin's terror. Lenin's consolidation of power and even before that to czarist secret police forces. The modern Soviet secret police was founded under Lenin by Felix Dzerzhinsky and over the years it has been known

successively as the Cheka, G.P.U., O.G.P.U., N.K.V.D., N.K.G.B., M.G.B. and, since 1954, the K.G.B.

Overseas, the K.G.B. is the primary Soviet spying apparatus, fielding thousands of agents and informants to collect information about foreign governments, penetrate their intelligence services, conduct covert operations, obtain advanced Western technology and attempt to influence public opinion. What the K.G.B. lacks in sophisticated spy technology compared with the United States, it more than makes up with manpower, according to Western experts.

Domestically, it is the overlord of a vast system of internal controls and the enforcer of political orthodoxy. Although the days of mass terror ended with Stalin, the K.G.B. still manages a system of labor camps and prisons — the Gulag described by Aleksandr I. Solzhenitsyn — used to incarcerate political dissidents like Anatoly F. Shcharansky, who was freed earlier this year after nine years of confinement. Every sizable enterprise — from factories to movie studios to athletic teams — has a K.G.B. unit to watch it from within, as it, in American terms, an F.B.I. agent were assigned to a regular job with the Washington Redskins, to check constantly on their political beliefs, patriotism and produc-

tion quota fulfillment. Among the agency's myriad functions is an effort to prevent the introduction and circulation of foreign video cassettes in the Soviet Union.

It controls the flow of people across Soviet borders, keeps tabs on foreign diplomats, correspondents, scholars and other visitors and processes and analyzes a huge volume of intelligence information gathered overseas. As the Daniloff case showed, the K.G.B. spares little effort to maintain surveillance of Western correspondents and surround them with Russian sources who can be persuaded to lead the foreigners into a trap. In this case, the K.G.B. apparently used a Russian named Misha, who had befriended Mr. Daniloff four years ago in Frunze, the capital of Soviet Kirghizia.

The influence of the K.G.B. fell to a low following Stalin's death and the failed attempt of his secret police chief, Lavrenti Beria, to seize power. Its return to respectability and power was sealed by the selection of Yuri V. Andropov, head of the K.G.B. for 15 years, as kov, whose status as a key power broker is confirmed by his full membership in the Politburo.

Mr. Gorbachev, whose rise to the top was accelerated by Mr. Andropov, may have benefited from K.G.B. help in his final push to become Communist Party General Secretary. Many of his rivals, including Grigory V. Politburo by Mr. Gorbachev after reports of their corruption were widely circulated, presumably by the

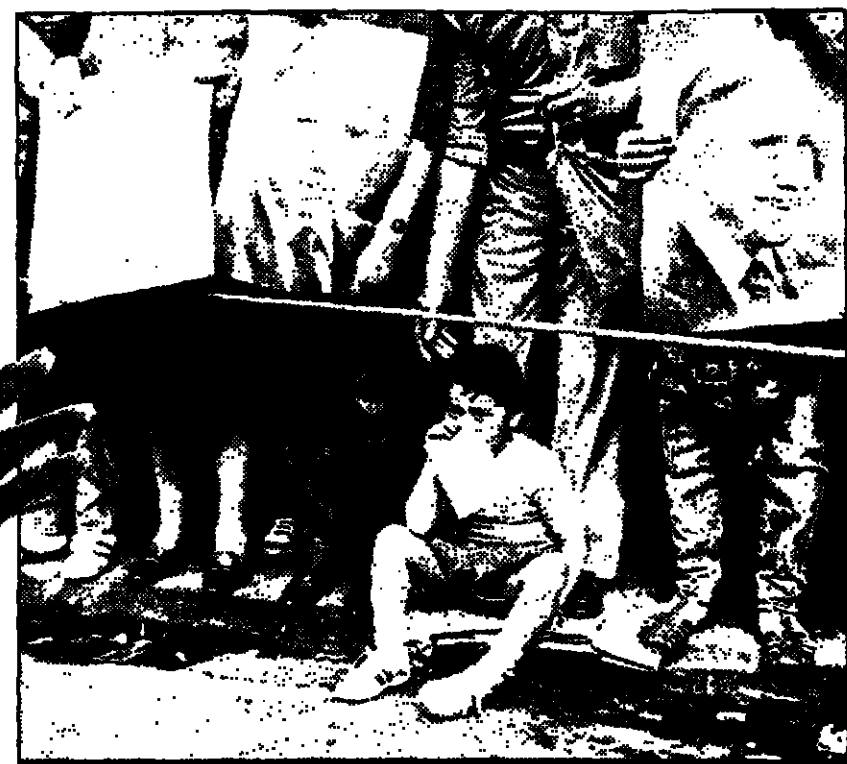
Chile's Democratic Transition Is in Question

Attempt to Kill Pinochet May Signal a Stronger Left



Agence France-Presse (Pinochet); Special Features/Sipa Press/Torreggiani (2)

President Augusto Pinochet waving to supporters in Santiago last week after an attempt on his life.



Mourners viewing the body of José Carrasco Tapia, an editor shot last week; a young demonstrator during a pro-government parade.

least some of the 21 people arrested in connection with the discoveries belonged to their organizations and had recently returned to Chile from abroad. Shortly before the attack on General Pinochet's motorcade, the Christian Democratic leader, Gabriel Valdés, said the arms discoveries had left the country both "incredulous and frightened." He also said the issue was working against the Government.

"Pinochet has had total control for 13 years," he said. "He took power to eradicate Communism." The discovery of the arsenals demonstrated that the Government had failed, Mr. Valdés said. Ironically, these events occurred just as most of the opposition parties, with the notable exception of the Communists, had agreed to principles intended to reassure military leaders about the nature of any proposed new government. The so-called "bases of governability," signed by parties ranging from Conservative to Socialist, were supposed to lead to discussions with military leaders who would like to see General Pinochet step down. But with the fear of insurrection and Chile in a state of siege, these are not days for reason and moderation.

leader, Salvador Allende Gossens, was elected President. The Leftist Revolutionary Movement, known here by its Spanish acronym, M.I.R., emerged in the 1960's, but for years it did little more than occasionally rob banks and seize farms to speed agrarian reform. After the coup against Mr. Allende in 1973, the M.I.R. was thought to have been largely eliminated, but recently it has been revived. And in the last few years, a new armed group, the Patriotic Front, also has emerged. In addition, the Chilean Communist Party has expressed support for insurrection and admits an "affiliation" with the more radical group. But the Communists have continued to maintain a public posture demanding a place among Chile's political parties. Recent events appear to have helped General Pinochet by providing a justification for repression. Last week, six opposition magazines were closed and more than 40 people were detained. José Carrasco Tapia, the editor of one of the publications, was found shot to death at the edge of a cemetery after he was taken from his home by armed plainclothesmen. But opposition leaders and other analysts said General Pinochet could be hurt by the appearance of a more credible leftist threat. Until the ambush, many Chileans did not believe that the arms discoveries were real. Although most foreign diplomats and Chilean opposition leaders took the matter seriously, many people openly laughed at Government revelations of secret arsenals.

The Patriotic Front and the Communist Party would neither acknowledge nor deny that leftist arms had been found. But they admitted that at

the Patriotic Front. It also contends that at least 200 Chilean exiles have recently completed military training in Nicaragua.

The ambush of General Pinochet's motorcade last Sunday by what was reported to be a dozen or more well-armed people makes the left seem even more formidable, as does the apparently well-organized nature of the attack. These signs of a stronger left may hinder efforts by center and center-right parties to bring about a democratic transition of power from the Pinochet regime. The moderates have previously been willing to collaborate occasionally with Communists and other leftists who renounce the use of violence and to defend their right to participate in a future political system. Now many moderates feel betrayed, and General Pinochet has new fuel for his charges that centrist overtures are providing the leftists with a facade of respectability.

Chile has largely been spared the leftist violence that has plagued much of Latin America since the 1960's. Before military rule began 13 years ago, the country was a haven of political tolerance. Communists and Socialists were free to advocate Marxist-Leninist views at the polls, and, in 1970, a Socialist

By SHIRLEY CHRISTIAN

LAST week's attempt to kill President Augusto Pinochet and the recent discovery of hidden arsenals in the Chilean countryside suggest that this nation's violent left is more organized and determined than was previously thought.

Until now, the country's two Marxist-Leninist guerrilla groups were considered capable of mounting only isolated attacks, not an armed insurrection. The Leftist Revolutionary Movement and the Manuel Rodríguez Patriotic Front were considered small — consisting of a thousand people at most — compared with the 100,000 members of Chile's military and police.

But the discovery since early August of 3,500 Vietnam-era M-16 rifles, two million rounds of ammunition, a hundred RPG-7 rocket launchers and tons of other armaments, much of them buried in sites at the edge of the Atacama Desert, raises the possibility that the leftists are a force to be reckoned with. The Government says the materiel was unloaded from fishing boats along Chile's 2,600-mile coast and intended for

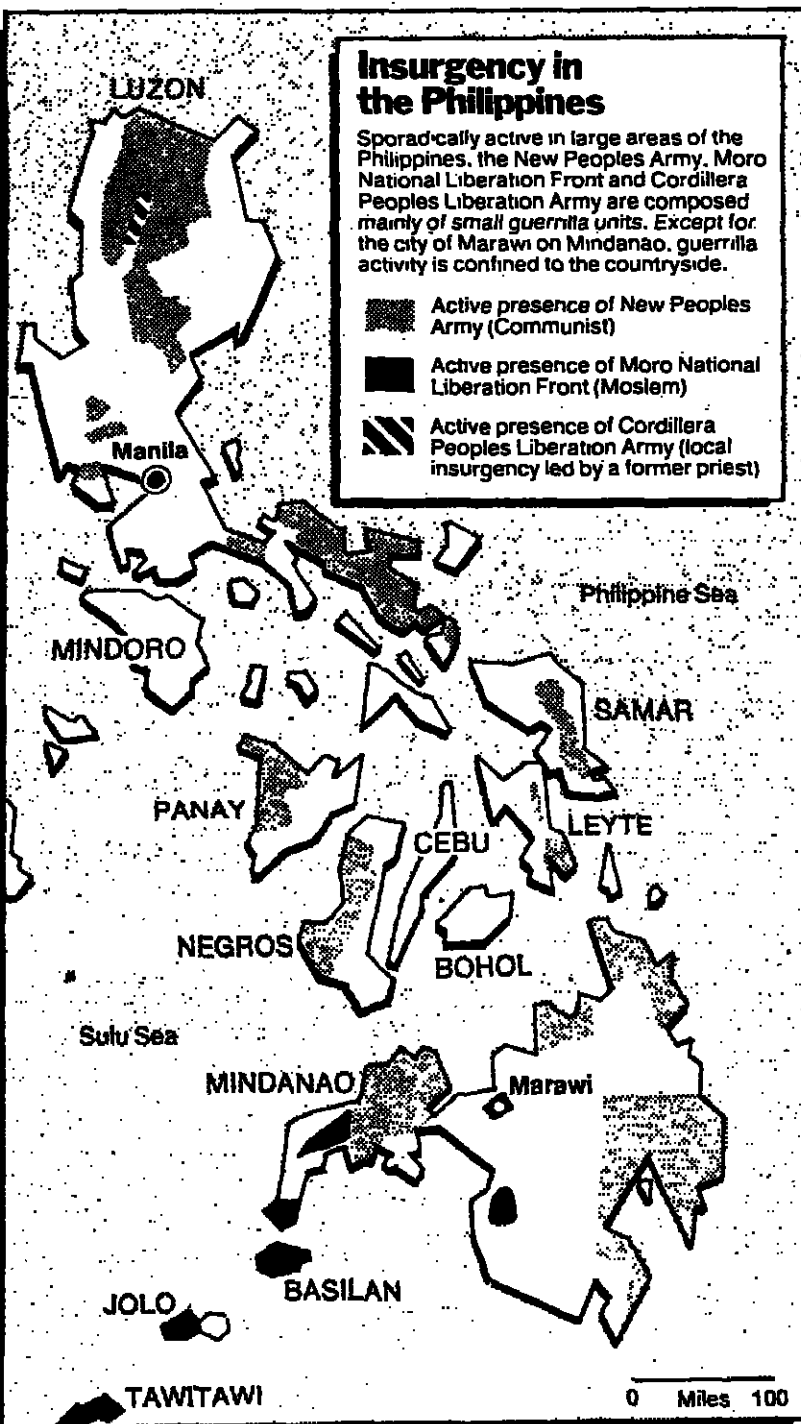


A presidential escort car after the assassination attempt.

Insurgents Operate in All Regions and Are a Power in Many

Philippine Communists Are Spread Widely, but Not Thinly

By SETH MYDANS



Insurgency in the Philippines

Sporadically active in large areas of the Philippines, the New Peoples Army, Moro National Liberation Front and Cordillera Peoples Liberation Army are composed mainly of small guerrilla units. Except for the city of Marawi in Mindanao, guerrilla activity is confined to the countryside.

- Active presence of New Peoples Army (Communist)
- Active presence of Moro National Liberation Front (Moslem)
- Active presence of Cordillera Peoples Liberation Army (local insurgency led by a former priest)

WHEN President Ferdinand E. Marcos declared martial law in 1972, one justification he cited was the three-year-old Communist insurgency, which was then estimated to involve 500 men. When he left office in February after 14 years of warfare, the insurgency had grown to an organized national-wide movement of 15,000 or more, whose expanding influence contributed to his downfall.

The insurgency, and the potential threat it poses to Government stability and the security of American bases here, is a major challenge facing President Corason C. Aquino. Debate over how to combat it has split her Government and become a subject of concern in Washington on the eve of her visit this week. Rural-based armed insurgencies have been a part of the Philippine landscape since Spanish colonial times, though none gained the national weight of today's Communist New People's Army. In the 1950's, the Communist-influenced Hukbalahap rebellion, confined for the most part to central Luzon Island, reached a peak of perhaps 15,000 men before being subdued through a combination of armed force and grants of land.

Today, Mrs. Aquino also faces lesser armed threats from Moslem separatists on the southern island of Mindanao. And, on Saturday, she arranged a truce with a small separatist rebellion led by a former priest, Conrado Balweg, in the Cordillera Mountains of Luzon. In this heavily armed nation, pockets of local power are also held by warlords with private armies and unknown numbers of pro-Marcos loyalists who are probably capable, at most, of isolated terrorist actions.

Making reconciliation her keynote, Mrs. Aquino has initiated dialogues with both Communist and Moslem insurgents, while warning that she will use "force against force" if talks with the Communists fail.

Only the Communists represent a possible threat to the Government. They operate in all regions and are a power in areas of 62 among the 73 provinces. American officials have variously estimated their strength at 16,000, the figure also used by the Philippine military, and 22,000. The insurgents say they have 12,000 well-armed guerrillas, and 20,000 part-time fighters.

The Moslem insurgency, with 5,000 to 11,000 fighters primarily in the Moro National Liberation Front has not been a serious threat since the 1970's, when an estimated 50,000 people were killed. That was defused by a 1976 agreement for partial autonomy, which the Government later ignored.

But with the departure of the strongman, Mr. Marcos, and amid the subsequent disarray, the Moslems, like others, have probed for potential gains and threatened renewed warfare. Observers of the Moslem scene, however, regard an immediate large-scale renewal as unlikely. Last week, Mrs. Aquino went to the island of Jolo, agreeing with the Moro front leader, Nur Misuari, to extend the de facto truce. Also, she is trying for a 30-day cease-fire with the Communists.

Continued Hostilities

The Communists have acknowledged that they made a major error in boycotting last winter's elections and the popular "revolution" that ousted Mr. Marcos. Contrary to assertions from some Reagan Administration officials, Western and Philippine analysts here see no evidence of Communist gains since Mrs. Aquino came to power. However, the failure of Communist guerrillas to come down from the hills in large numbers has been a big disappointment for her.

As one of her first presidential acts, she released political prisoners, including Communists. These men, she reasoned, had in effect battled beside non-Communist opponents of Mr. Marcos like her husband, Benigno S. Aquino Jr., who was jailed during martial law and later assassinated.

But as the Communists continue their ambushes and assassinations, and as their National Democratic Front takes a hard line in the cease-fire negotiations, Mrs. Aquino is finding that the insurgents are no longer the ally she sensed in the

struggle against Mr. Marcos, but are opponents of the established order she now represents.

Since she came to power, hostilities have continued, with each side calling the other the aggressor. Government armed forces statistics show an average of 10 to 11 deaths a day in rebel incidents, compared with 13 a year ago. Though the numbers are lower, the military says, the encounters are often bloody. The 250,000-man Armed Forces of the Philippines, badly equipped and often poorly motivated, has resisted the notion of a cease-fire, and Mrs. Aquino acknowledges that a hard core of rebels will insist on fighting.

An American diplomat said last week that the Communists' ultimate goal was to overthrow the Government and that negotiations could be only "a tactical element in their overall strategy." The terrorism and violence, he said, are in any case only one aspect of their larger approach, which is primarily political. Through propaganda and local political action, backed by the violence, the Communists now claim control of 723 towns and cities and more than 10,000 hamlets. The military's estimates are lower: 373 towns and cities and 7,000 hamlets "influenced or infiltrated."

In debating counterinsurgency tactics, Mrs. Aquino's Government, American diplomats and even the Communists are in general agreement that the rebellion is a response to economic and social problems. Ultimately, as Mrs. Aquino has said, the solution must be found in the revival of the devastated economy. It is in search of economic aid that she is flying to the United States.

Aquino's American Agenda

PRESIDENT Corason C. Aquino of the Philippines is to arrive in the United States tomorrow for nine days of pomp, sentimental visits and chances to improve her country's circumstances. From the first photo opportunity as she steps from a helicopter at the Washington Monument, the schedule is replete with opportunities to impress her hosts and the people back home watching on television.

She will be lunching with President Reagan at the White House, dining with Secretary of State George P. Shultz and delivering televised addresses to a joint session of Congress and the United Nations General Assembly. Along the way, she will meet with international and private bankers and investors in Washington, New York and

San Francisco. She will also collect an honorary degree from Harvard and a gold medal from the University of California at Berkeley, and visit her own college, Mount St. Vincent in the Riverdale section of the Bronx, where she was sent by her wealthy Philippine family after attending the Notre Dame School in Manhattan.

She will also stop by the house near Boston where she lived with her husband, Benigno S. Aquino Jr., before he flew home and was killed by assassins at Manila airport.

And she will meet with Philippine-Americans in San Francisco and at the Roman Catholic Shrine of the Immaculate Conception in the Washington, D.C., as well as with human rights activists, minority businessmen and Peace Corps alumni.

The Nation

The Judiciary Sparks Some Heated Debate

The Reagan Administration's view of the appropriate course for the Federal judiciary prompted a testy battle last week. But in the Senate, where the nomination of Associate Justice William H. Rehnquist to be Chief Justice of the United States was debated, and elsewhere, as an assistant attorney general denounced a sitting Justice by name, both sides seemed to be fighting a future as well as a present war.

There is little doubt that Justice Rehnquist will be confirmed by a comfortable margin or that Judge Antonin Scalia, who has been nominated to replace him, will have an even easier time. Both are respected for their legal scholarship.

But some of Justice Rehnquist's opponents, fearful that future Reagan Administration nominations could tip the balance on the High Court and eager to establish ideology as a criterion for weighing nominations to the bench, clung to the chance to make their point.

"Big election victories," said Senator Alan Cranston, a California Democrat, "give the President no right to place an extremist at the head of the Supreme Court." The Justice's supporters, including Senator Orrin G. Hatch, a Utah Republican who has assumed the role of chief Rehnquist defender, say his opponents are engaging in unwarranted personal attacks.

In Missouri, meanwhile, Assistant Attorney General William Bradford Reynolds, the principal architect of the Administration's civil rights policy, extended the White House's public debate with members of the Supreme Court by assailing Associate Justice William J. Brennan Jr.

The Justice, Mr. Reynolds asserted in a lecture at the University of Missouri School of Law in Columbia, was seeking "unlimited judicial power to further a personalized egalitarian vision of society" through racial preferences and a "liberal social agenda." Justice Brennan's "radical egalitarianism," he said, was "perhaps the major threat to individual liberty" in the United States today.

Justice Brennan is one of six members of the Court who this summer explicitly rejected the Administration's position that numerical goals in employment, broadly used, are illegal. But Mr. Reynolds made no specific reference to those cases, couching his complaint in broad philosophical terms such as the need for limited government and a jurisprudence that respects its own limits.

President Reagan has made more than 200 nominations to the Federal bench; by the end of his term in 1989 he may have filled more than half the 728 Federal district and appellate positions.

House Panel Sets A Price for Conrail

The House of Representatives is making progress in the search for a deal on Conrail. Last week members of a key subcommittee in the House, where the Senate-approved sale of the freight line to the Norfolk Southern Corporation met fatal resistance, agreed on a plan to sell the public the Government's stock for a minimum of \$2 billion.

"Everyone has signed off on the

general outline," said Representative James J. Florio, Democrat of New Jersey, chairman of the Subcommittee on Commerce, Transportation and Tourism of the Committee on Energy and Commerce. He said a final bill could not be written, however, until the Department of Transportation tells the legislators what provisions it will seek.

Norfolk Southern withdrew its \$1.9 billion offer last month, having found House opposition formidable despite support from the Senate and Transportation Secretary Elizabeth Hanford Dole. The leading opponent was Representative John Dingell of Michigan, chairman of the House Energy and Commerce Committee, who, like Conrail itself, had held out for a public sale. The Government owns 85 percent of Conrail, which was patched together from the remnants of bankrupt Northeast railroads 10 years ago and has since become a profitable company.

A \$2 billion minimum price would be in line with estimates by Wall Street investment bankers and analysts. After Norfolk Southern's withdrawal, a Congressional Budget Office study asserted that the Conrail stock should bring more than \$3 billion, but financial experts said that was too high by at least a third.

A Nuclear Test At the Dump Site

A new national plan designed to keep closer to home the low-level radioactive wastes that are now shipped to three sites around the country got its first test last week. Not unexpectedly, the grade was mixed.

After a panel representing eight Southeastern states chose North Carolina as the repository for the region's low-level nuclear refuse, officials of that state said they would study the decision, adding that in an election year sentiment to quit the group, the Southeast Compact Commission, might revive. A move to pull out died in the State Legislature last year.

The commission is one of seven approved by Congress late last year as part of a plan that prevented the three operating dumps — in Hanford, Wash., Beatty, Nev., and Barnwell, S.C. — from closing immediately. The plan requires that by 1993 other states join regional disposal groups or run their own dumps for low-level wastes, which include anything from gloves used by reactor workers to byproducts of radioactive medicines. Pennsylvania, Texas and New York say they will operate their own dumps, and that is what North Carolina would have to do if it quit the Southeastern compact.

North Carolina was chosen for the regional dump site after a complex process weighed factors from subterranean geology to transportation networks. The state's representatives on the commission, both of whom voted against the choice, argued that the weighted rankings were flawed.

Conferees Agree On Military Reform

With double-time dispatch, House and Senate negotiators agreed last week on a sweeping reorganization of the nation's military hierarchy that is designed to combat what the Pentagon's critics characterize as parochialism in the services.

By making the Chairman of the Joint Chiefs of Staff the President's principal military adviser instead of the entire five-member board and giving field commanders more control over forces in combat, the measure would diminish the authority of the heads of the individual services.

A House bill would have given the field officers "full command," and a Senate measure would have conferred upon them "operational command." The difference was resolved by eliminating both terms and listing the powers they referred to. The compromise would also create a new post, "joint officer." Such officers would be in charge of joint commands and protected against their own services' award and punishment systems by a Chairman's review of promotion lists.

Proponents of the changes, often citing confusion during the invasion of Grenada, say poor coordination and rivalry among the Army, Navy and Air Force have produced an inefficient military.

Opponents, especially in the Navy, which in the compromise bill loses its independent authority over naval reconnaissance and antisubmarine warfare, have argued that the bill would give too much power to the Chairman's general staff at the possible expense of civilian control.

Both the House and Senate measures passed by wide margins. A bipartisan commission headed by David Packard, a business executive who was Deputy Defense Secretary in the Nixon Administration, also recommended giving the Chairman of the Joint Chiefs more firepower, a proposal President Reagan endorsed.

Caroline Rand Herron

Fighting Drugs, in Washington and California



Representative Jim Wright (left), the Democratic majority leader, with Representative Charles B. Rangel outside the White House after a meeting on drug policy last week.

Making the Punishment Fit the House's Politics

By JONATHAN FUERBRINGER

RIGHT NOW, you could put an amendment through to hang, draw and quarter," said Representative Claude Pepper, Democrat of Florida, about the get-tough mood of the House of Representatives. "That's what happens when you get on an emotional issue like this."

And after two days of debate last week, it was clear that an overwhelming majority of the legislators were not going to risk looking soft on drugs, the issue that has captured the political high ground in the Capitol and on the campaign trail two months before Election Day.

A \$2 billion plan, approved 392 to 16, would allow the death penalty for some drug-related

crimes, require the military to substantially halt the drug flow into the United States in 45 days and allow the use of illegally obtained evidence in drug and in trials. The measure would also increase money for enforcement, stiffen most Federal drug sentences, imposing a mandatory life sentence for some drug sales to children and teenagers, and give more to local drug abuse and treatment programs.

It was a performance that made many Republicans and Democrats happy. But one Democratic leader who asked not to be named was not pleased. "It's the House at its worst," he said, "under terrific political pressure on a very emotional issue."

Such sweeping legislation, in such haste, is rare. But the issue combined with its timing to produce changes that members of both parties have been seeking for years — and that, they con-

cede, they never could have won without what opponents characterized as "drug hysteria."

Representative Leon E. Panetta, Democrat of California, explained the sudden drug consciousness this way: "It's so easy on a political point of view. There is no downside on drugs."

Unlike many issues on Capitol Hill, this one has touched millions of constituents as well as the legislators themselves, particularly those who are of the post-World War II baby boom generation, which became adult in the '60's and '70's and now fears for its own children.

The lawmakers' sensitivity is also heightened by colder calculations. The 74 million baby boomers make up more than 40 percent of the voting age population — a crucial electorate that many analysts say has not yet established strong political loyalties.

The drug issue heated up after the Fourth of July recess. Len Bias, the University of Maryland basketball player who was the No. 1 draft choice of the Boston Celtics, had died of a drug overdose, and news articles about easy access to the potent form of cocaine known as crack appeared everywhere.

"Everybody came in with the drug issue," said House Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts. "It was the growing issue."

Representative Jim Wright of Texas, the Democratic majority leader who is expected to succeed Mr. O'Neill as Speaker next year, took charge. Mr. Wright wanted quick action to prevent Republicans and the White House from claiming the issue. But he also wanted a bipartisan bill. Amendments on the death penalty, the exclusionary rule and the use of the military in drug interdiction were permitted.

"The delicious thing was that we were given a fair shot at all of them," said Representative Dan Lungren, Republican of California.

A Costly Cause

By the end of last week, Congress's first after its August break, the House measure was passed and Senate Democrats had outstaged Republicans by announcing their \$1.6 billion program. A Senate Republican version is expected this week, as is the Administration's own.

According to White House aides, an antidrug program that was to have a price tag of \$250 million is now expected to cost close to \$1 billion. The Administration's concern is to be highlighted this evening at 8:00 P.M., when the President and his wife, Nancy, will make a nationally broadcast address on the drug problem and his proposed program to combat it.

While Senate Majority Leader Bob Dole of Kansas criticized the cost of the House program, which is projected at nearly \$5 billion over three years, he immediately endorsed two of the more controversial proposals, the use of some illegally obtained evidence and the death penalty. The Senate Democratic leader, Robert C. Byrd of West Virginia, supported both, as well as the mandatory life sentence provision. Some Senate Democrats who oppose the proposal acknowledged that opposition may be futile.

The question that remains is: Will there be a final package and will the final package make significant headway in the war against drugs?

No one has yet agreed on how to pay for the program, whatever its size. Last week, many House members acknowledged that the problem cannot be solved at the Federal level. It is a problem, as Republican leader Bob Michel of Illinois said, "of character, of willpower, of family."

"The solution lies in the lessening of the demand in an affluent America," said Representative Anthony C. Beilenson, Democrat of California. "This is an effort to do what you can do at the legislative level, where you probably cannot do that much."

Nipping a Bountiful Marijuana Crop

By ROBERT LINDSEY

IN THE lush valleys north of San Francisco, wine makers in recent weeks have rushed to bottle a new vintage. And in the mountain ranges that rise just beyond the wine country, another harvest has been in full swing.

Federal authorities say the northern tier of California contains the nation's largest concentration of marijuana growers, a shadowy group of farmer-entrepreneurs who are said to produce at least \$1 billion worth of the illegal drug annually at wholesale prices. For the fourth consecutive year, police officers with semiautomatic rifles have raided the marijuana fields just as the growers prepared to harvest them. According to Federal and state officials, the forests are one arena in which the intensifying battle against illegal drugs appears to be having some success.

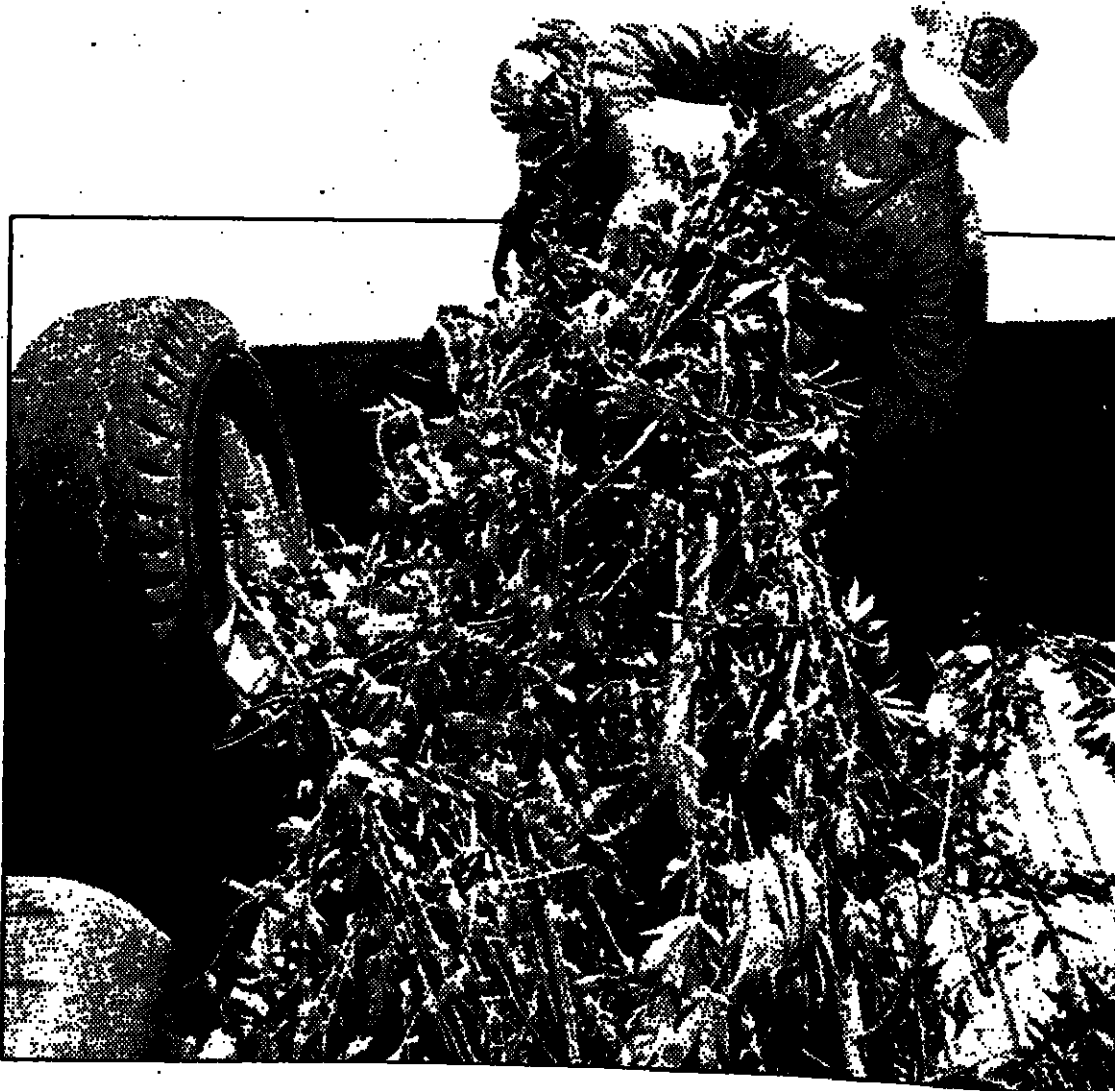
The raids are part of an effort by Federal, state and local law enforcement agencies — the Campaign Against Marijuana Planting, or CAMP — to eradicate what had become the prosperous economic foundation of some communities in the state's sparsely populated northwestern counties. Although no one believes the growers have been put out of business, some officials estimate that the raids have cut Northern California marijuana production by at least half since 1983.

Jerry Clemons, director of law enforcement for the state Attorney General's office, said the program's effectiveness appears to be affirmed by reports of shortages and higher prices for semilla, the potent, highly favored marijuana grown in California. In the last year, Mr. Clemons said, "Our best guess is that the price of semilla has doubled."

The Washington-based Organization for the Reform of Marijuana Laws, which campaigns for legalization of the drug, says that 60 percent of the marijuana consumed in the United States is domestically grown and that last year's crop had a value of \$18.6 billion.

It is impossible to determine the accuracy of such estimates. But law enforcement officials agree that since the demand for illicit drugs began to rise in the 1960's more and more marijuana has been grown in the country and proportionately less has been smuggled across the border. This has been a source of frustration for the Reagan Administration, which has been trying to persuade Mexico and other countries to do something about marijuana cultivation.

The CAMP operation is the model for marijuana-eradication efforts launched in many states in the last year. Financed principally by the Federal Government, the \$2.9 million program uses seven helicopters to carry volunteers from police departments throughout California to the remote mountain areas, where they cut down and burn marijuana plants. Just as the operation was getting started last month, one helicopter crashed, killing two volunteers and the pilot, but so far there has not been the kind of violence that has occasionally flared in the past. Last year, a police



A police officer loading a truck with marijuana cut down during a raid in Point Arena, Calif.

officer shot and killed a grower who the police said had raised a shotgun at a raiding team.

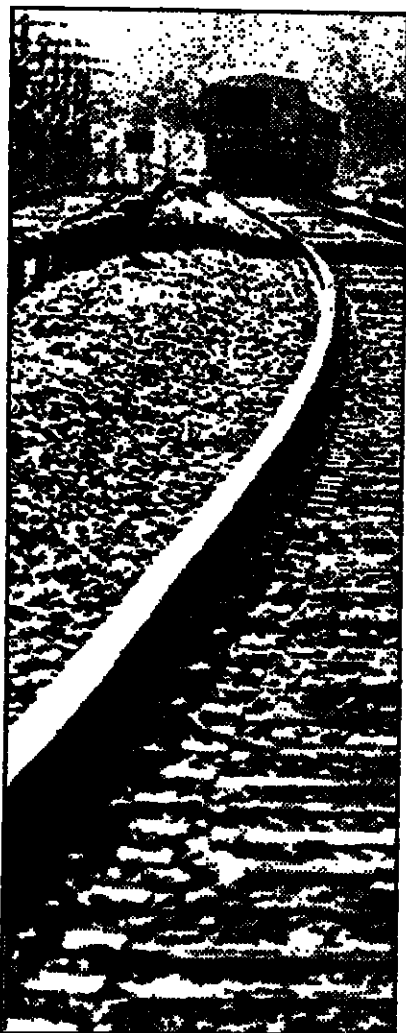
The noisy helicopters and the paramilitary nature of the raids have brought complaints from many residents in the area. In 1984 they persuaded a state judge to prohibit low-altitude flights and impose other limitations on the operations. But the United States Supreme Court and a state appellate court have subsequently expanded the rights of the authorities.

"It has definitely gotten better than it was in 1983 and 1984, but we're still getting complaints," said Ed Deason, a leader of a Humboldt County citizens' group established to monitor the search operations. "The other day there was a helicopter that hovered so low that the down draft knocked down a chicken coop, the chickens got out and dogs ate them."

To avoid detection, growers are becoming

more canny, the authorities say. Instead of growing clusters of 100 or more plants, as they often did in the past, they are spreading their crop over a wide area, sometimes beneath large trees, or are raising marijuana indoors.

Even as they boast of their recent successes in the forests of California, some drug-control agents said marijuana cultivation is probably increasing elsewhere in the country, and the recent reported shortages may be temporary. And although the threat of losing their crop appears to have prompted some growers to leave the area, a Reagan Administration effort to deter production by prosecuting them under a two-year-old Federal law that authorizes the seizure of old land has not had much effect, officials said. Juries, they say, have generally been reluctant to order the taking of a neighbor's property merely because it was used to produce marijuana.



The New York Times/Frank C. Doughtery
A Conrail train approaching the station in White Plains, N.Y.

Services — the Star of U.S. Trade

But competition and restraints from abroad are growing and the sector may soon become a battleground.

By LESLIE WAYNE

ONCE America's export trade meant shiploads of cars from Detroit, bolts of cloth from Southern textile mills and farm machines from the Middle West. But, as America's traditional merchandise trade has been overtaken in the world marketplace, trade has emerged with a new look. Service exports — fees generated in Europe by Wall Street bankers and in the Middle East by American construction firms, royalties from overseas sales of Madonna records and McDonald's hamburgers, and rentals for Rambo films — have become the new symbol of America's grandeur abroad. They are the bright spot in an otherwise bleak trade picture.

Increasingly, America's competitive advantage appears to lie with its brainpower and perhaps its star power, rather than its industrial muscle.

But the selling of services is a subtle form of trade, difficult to count because it cannot always be seen as it crosses national borders. "Services move silently," said Walter F. O'Connor, international vice chairman of Peat Marwick Mitchell & Company. No one actually sees a phone call between a banker in New York and a client in London. Accounting for these "invisible services" is difficult and many believe that the actual numbers may be higher than statistics indicate.

According to government figures, however, services represent about one third of the nation's \$800 billion-plus flow of exports and imports. Last year merchandise trade plunged ever deeper into red ink, with a record \$125 billion deficit. The service sector helped redress the balance: Services rolled up a surplus of \$21 billion, with \$144 billion in exports outweighing \$123 billion of imports.

"The service sector is important because it is in our favor and it helps offset the very serious deterioration in our merchandise account," said Lucy Hunt, chief economist at Carroll McEntee McGinley, Inc. "And this is one area where it will be hard for foreign competition to supersede us." Added Eric J. Kruger, director of economic research at the Conference Board: "America is constantly innovating and trying to become more efficient. This is a very competitive, very creative environment that is hard to beat."

Still, no one expects services to bail America out of its trade problems. "Services do dampen the trade deficit," said Richard B. Self, deputy associate United States trade representative. "But services alone will not make enough of a dent on the trade deficit to make it healthy." Yet, American innovation and technology give the service sector a strong competitive edge — at least for now.

But the game is getting tougher. Protectionist barriers have been rising in many countries. And services are expected to become a battleground in the new round of international trade talks that open tomorrow in Punta del Este, Uruguay. Some new players, particularly Japan and South Korea, are beginning to encroach on America's overseas service strongholds of banking and engineering.

In addition, the huge American budget deficit further hurts the nation's service trade balance. Foreigners have snapped up Treasury securities issued to finance the deficit, and the billions in interest payments that flow to foreign holders of Treasury securities worsen the service trade balance and offset the dollars generated from the sale of actual services overseas. As a result, the service trade surplus has been shrinking at an alarming rate — it was \$41 billion dollars as recently as 1981 and \$36 billion in 1982. (In the last 18 months or so, the trend has leveled off and edged slightly upward, as profits being remitted to American parent companies by their foreign subsidiaries, which count as exports, were translated into weakening dollars.)

The service trade is a key issue to American representatives at the General Agreement on Trade and Tariffs talks that open tomorrow. Trade ministers from some 92 nations will begin a series of talks, expected to extend over several years, aimed at dismantling trade barriers and crafting new rules for international commerce. The Reagan Administration has set as a primary goal the adoption of rules governing service trade — something that GATT discussions have not addressed before.

THIS, however, will not be an easy task. Some developing countries, Brazil and India for instance, are opposed to anything that might threaten their own developing service industries. And some American manufacturers and unions fear that the trade-off for getting other countries to open their service markets will be more foreign goods coming into the United States. For the American service industry, however, removing the restrictions abroad is a top priority.

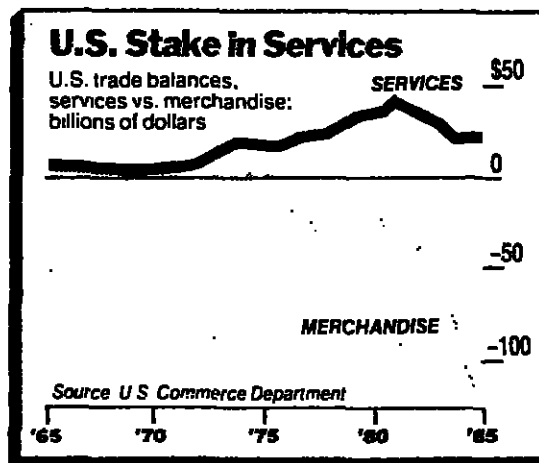
"As America continues to transform into a service economy, it is important to try to arrest the growth of trade barriers to services," said Harry L. Freeman, an executive vice president of American Express, which has far-flung international operations including worldwide distribution of its credit cards, international banking and brokerage. In 1974 American Express and a small group of



Photo Shuttle/Japan/Soma Katsuhiko



McDonald's in Tokyo, above; Rambo, top right; American Express Madonna, left.



other service companies founded the Coalition of Service Industries, a Washington-based trade group that lobbied hard for inclusion of services in the GATT talks. "The fact that our services surplus is decreasing," said Margaret Sims, executive director of the group, "is symptomatic of the lack of cohesive attention to this."

Already, subtle restrictions that fall under the heading of "non-tariff" trade barriers limit sales of American services abroad (See box). Unlike goods, services cannot be taxed or stopped at a country's border, so countries impose limits on foreign operations to protect local producers.

One company that has felt the sting is Warner Communications, which produces movies, VCR's and records from such stars as Frank Sinatra, Linda Ronstadt and Madonna. "Overseas sales are a vital part of our business," said Jay Berman, vice president of public affairs at Warner. "The Japanese can manufacture a machine to display our works. But no one can create the audio and video programming like us."

But overseas, Warner constantly finds itself hampered by market access limits — restrictions on where an American movie can be shown, for how many hours and who can distribute the film. It is also hurt when other nations ignore copyright violations. "In some areas of the Middle East, our movies are available on VCR's before they are even shown in the theater," Mr. Berman added. Executives of Bechtel, the giant construction firm, complain that overseas competition is made more difficult by "mixed credits," which are basically a form of subsidized financing offered in some countries. French or Japanese construction firms, for instance, can request help from their governments in arranging low-cost financing for a construction project — say, a power plant in Indonesia. The final package is usually much cheaper than what Bechtel and other American companies can arrange.

"It makes it hard for American firms to compete," said Peggy A. Houlihan, manager of legislative programs for Bechtel. In 1975, American companies won the bidding on nearly 50 percent of all overseas construction projects, according to Bechtel. This share dropped to 30 percent by 1982. No more recent figures are available, but Bechtel is certain that the American share has sunk even further.

If non-tariff barriers are one obstacle to increasing the service trade balance, the growing American budget deficit is another. When the Government makes payments to a Japanese holder of Treasury bills, the interest payments count as an American import and hurt the domestic service trade balance. And as the deficit grows, more Treasury securities are sold abroad, and the flow of interest payments swells. Last year interest payments to foreign holders of Treasury securities grew by nearly \$2 billion, to reach about \$21 billion for the entire year. The 1986 payments are expected to be even bigger.

subtants must be hired on all Canadian projects. In the Dominican Republic and Egypt, foreign-owned hotels face lengthy processing delays when they remit earnings to their parent companies. Portugal makes it difficult for foreign hotel employees to get work permits. Outside insurers are forbidden to set up shop in Brazil, Iceland, India, Malaysia, Morocco and Zimbabwe. Brazil requires all movie color prints to be made in Brazilian labs and Italy requires that theaters show Italian films for at least 25 days each quarter. West Germany and France bar foreign air carriers from their computer reservations system and Italy limits seats on domestic flights for international passengers from foreign carriers.

In Nigeria, the annual movement of pilgrims to Mecca can take place only on Nigerian Airways.

A PROTECTIVE THICKET OF RED TAPE

America's service exporters face a frustrating array of regulations abroad. Here is just a sampling, provided by the Office of the United States Trade Representative:

Argentina, Mexico, Peru and Venezuela require local accountants as supervisors when foreign accountants audit local companies. India prohibits radio commercials made outside the country, while local talent and crews must be used for commercials made in Italy, Malaysia, and Spain.

Foreign banks in Finland cannot trade in Russian rubles — which are the currency in which most Finnish trade is denominated. Mexico bans all foreign banks except one (Citibank). Taiwan allows foreign banks only one branch and limits their access to domestic funds.

Britain requires that British firms must be engaged for engineering and design work on North Sea projects. Local engineering con-

So far, more interest payments have been coming in — mainly from American loans to foreigners — than have been sent out to foreign holders of Treasury securities. But some warn that if the budget deficit continues to widen, the entire service trade balance could very easily move from positive to negative, just as the merchandise trade balance already has.

"This is not a good trend," said Howard Rosen, a research associate at the Institute for International Economics in Washington. "We run the risk of running a deficit in both service and goods trade, and that is why the GATT negotiations are going in very heavily to negotiate for services. They know they have to build up our service exports to pay for our manufacturing trade deficit. We've been building a stronger service trade and in recent years, we've seen it deteriorate largely because of the interest payments on the Federal debt."

Another troublesome trend is that America is collecting less interest from loans abroad, which are counted as exports. At the end of 1985, the United States had taken in \$10 billion less from overseas lending than in the previous year. Mainly this reflects the impact of the third world debt crisis. Third world countries are getting fewer new loans from American banks. In addition, many of these countries have slowed interest payments on existing loans as part of their debt-rescheduling programs.

The vagaries of travel also play into the service trade balance. Traditionally, Americans traveling abroad have far outnumbered overseas tourists coming to the States. The dollars Americans spend abroad are counted in the American import column, hurting the service trade balance. Fears of terrorism have somewhat dampened the number of American tourists abroad this year, but they still outnumber visitors here. At the same time, terrorism fears have also caused many travelers of all nationalities to shun American airlines in favor of foreign carriers, further hurting the American service trade balance.

DESPITE these concerns, many say America's service trade is in better shape than the numbers show. Experts say there is drastic undercounting of service exports, largely because of the difficulty of coming up with an accurate tally when there are no specific goods that can be counted as they leave the country. The service sector is "our number one trade priority and we know little about it," said Mr. Rosen. "It's hard to keep track of and we have very poor data."

While acknowledging that foreigners have made inroads into many lines of service business, experts also say that services are broad and flexible enough to provide new business opportunities for those who continue to innovate — an American strength. Some low-level services — keychain operations, for instance — may have been permanently lost to countries in the Far East and the Caribbean with much lower labor costs than the United States. Yet no one sees America being overtaken in services, particularly in the more sophisticated and technical areas, as it has been in so many goods areas.

"Our foreign competitors are growing fast," said F. William Hawley, director of international government relations for Citibank. "But, I don't think we will be wiped out like car makers. The impact of competition on manufacturing is different than on services. In the financial sector, for instance, there are so many new markets and new services that can be provided that it creates a certain resilience — assuming also that American regulators keep their rules flexible, too."

The sale of services is, of course, closely entwined with the sale of goods overseas, and each promotes the other. When I.B.M. sells a computer abroad, it creates opportunities for American software and other computer services. The sophisticated trade expertise available from Chase or Citibank makes it easier for American exporters to sell their wares.

"You have an interaction between goods and services," said Bernard Ascher, director of the service industry affairs office of the United States Trade Representative. Added Claude Barfield, director of science and technology policy studies at the American Enterprise Institute: "It's not an either-or situation. Goods and services complement each other. But one of the GATT trade-offs may be that to get concessions in services, we will have to give concessions in manufacturing."

The Economy

WEEK IN BUSINESS

Delta and Western Also Plan a Merger

Delta and Western plan to merge in an \$860 million deal that would make the new carrier a nationwide force. Delta, which operates mainly in the East and Middle West, has a reputation as a dependable and friendly carrier; Western, which flies mainly in the West, has been considered a takeover target for some time. It is not yet clear what offices in the new airline will be held by David C. Garrett Jr., Delta's chairman, and Gerald Grinstein, Western's chairman.

People Express's troubles deepened. The airline is again in a cash squeeze, and it apparently is again seeking a buyer. People put its Frontier unit into Chapter 11 when a deal to sell it to United fell through, and the airline needs cash to put into effect a full-service strategy. It rejected a bid from Texas Air in July, but now may be more willing to talk.

Texas Air and Eastern will resubmit their merger plan after Texas Air agreed to sell Pan Am 14 takeoff and landing slots. That removes the big objection of the Transportation Department, and gives Pan Am the opportunity to join the shuttle market. The department approved the merger of T.W.A. and Ozark, although the two compete heavily in the St. Louis market.

Stocks took an incredible nose-dive, falling a record 86.61 points in massive trading Thursday. The fall was precipitated by a combination of higher interest rates, sell recommendations by several top brokerages and program selling. Small investors joined the selling binge Friday and stocks dropped again on record volume of 240.5 million shares. The Dow ended the week at 1,758.72, down a record 141.03. Most traders and analysts do not see this as the end of the bull market, though and say the rally could just be taking a breather.

Foreign stock exchanges also dropped steeply, with the Tokyo, London and Paris exchanges in steep plunges. The rise in interest rates fuels speculation that the Fed will cut the discount rate again, especially if, as expected, West Germany cuts its rate. Now, bonds are as volatile as stocks.

A shake-up at CBS brought William S. Paley, the founder and former chairman, back as acting chairman. The chairman, Thomas H. Wyman, quit under great pressure from an alienated board. Analysts say his downfall was caused by a number of ill-timed deals and moves — including the purchase and later sale of Ideal Toys and the purchase of Ziff Davis publications — that left CBS in a vulnerable position. Mr. Wyman told a stunned board that he had talked with Coca-Cola about buying CBS, a disclosure that apparently sealed his fate.

The acting chief executive will be Laurence A. Tisch, the chairman of Loews who became CBS's savior — and largest shareholder — last year when the network was threatened with a takeover attempt by Ted Turner. Mr. Tisch, a possible bidder, is asserting his authority, a move that most analysts say is likely to result in a stronger, better-run company. Mr. Wyman's resignation was followed quickly by that of Van Gordon Sauter, the head of CBS's news division, a Wyman ally. Mr. Sauter left the news division three years ago and returned in December, but his presence increased dissatisfaction there.

Producer prices rose three-tenths of 1 percent in August. The report sparked new fears that inflation would surge again, although producer prices for the year so far have fallen at a 5 percent annual rate. Retail sales rose eight-tenths of 1 percent, twice their July improvement but not as much as had been expected.

Western Union will sell a \$250 million stake to a group of investors. The move was taken after shareholders could not agree on a reorganization plan to merge its main operating unit with the parent company in an attempt to stave off bankruptcy.

Norway will cut exports of oil, in effect supporting the OPEC agreement to curb production that went into effect last week. The 10 percent cut by itself is expected to have little effect on prices, and although it will increase the pressure, it is not likely to persuade Britain to curb its output.

Coca-Cola will take public its new bottling company, selling 51 percent of the stock in what could be the biggest initial offering ever. Coke formed the company in the last few months by agreeing to purchase its two largest bottlers — one from Beatrice for \$1 billion and the other for \$1.4 billion. Coke, like PepsiCo, has been buying smaller bottlers in an attempt to better control its distribution.

G.E. will sell its RCA/Ariola records unit, including the popular Ariola label, to Bertelsmann. When RCA and Bertelsmann's Ariola units combined last year, RCA retained 75 percent ownership.

Sanford I. Weill will become chairman and chief executive of Commercial Credit, which Control Data is taking public. Mr. Weill, the former chairman of American Express, apparently hopes to build up the company and use it for other acquisitions.

Merrill Perlman

The New York Stock Exchange

MOST ACTIVE STOCKS
WEEK ENDED SEPTEMBER 12, 1986
(Consolidated)

Company	Sales	Last	Net Chg
Wm Air L	18,260,400	11 1/2	+ 1 1/4
Pac GE	16,714,800	23 1/2	- 2 1/2
IBM	13,887,200	137 1/2	- 3
AT&T	11,842,700	23	- 1 1/4
USX Co	9,454,100	20	- 1/2
Mobil	7,997,000	35 1/2	- 2 1/4
Phil Mr	7,703,700	65 1/2	- 8 1/4
Exxon	7,308,600	66	- 4 1/4
Pepsi C	7,166,600	28 1/2	- 1 1/4
Ald Str	6,511,200	59 1/2	+ 1/2
Coca Cl	5,968,600	34 1/2	- 3/4
Digital	5,964,400	94 1/2	- 7 1/4
G Mot	5,636,300	68 1/2	- 2 1/4
Gen El	5,524,100	71 1/2	- 5 1/4
Ford M	5,513,200	52 1/2	- 5 1/4

MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
300	1,814	2,217	91	99
Week	958	995	258	37

VOLUME

Year	Last	Week	To Date
1986	910,209,180	24,864,343	112
1985	513,440,480	18,729,360	486

WEEK'S MARKET AVERAGES

High	Low	Last	Change
163.9	151.9	151.9	-12.39
117.1	109.5	109.9	-6.29
77.5	71.0	71.7	-6.39
183.7	141.1	141.1	-13.37
143.4	132.8	132.8	-11.08

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Gerald Grinstein

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The New York Times

Founded in 1851

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Wall Street Weak

It's tempting to interpret the stock market plunge as an omen. The drop was triggered by facts, by disturbing economic news that came at a time when many analysts are already worried about a recession. The Federal budget deficit and trade deficit still cast their towering twin shadows and there's no relief yet in sight.

But a closer look suggests a much narrower explanation for the sudden slump. More likely, it simply gives more evidence that new computer-programmed trading strategies have made the stock market more volatile day to day. Though this volatility can look dramatic, it has no direct effect on the economy. The appearances, however, can have a damaging short-term effect, by discouraging chary individual savers from investing in stocks.

The decline in stock prices in the first two hours of trading Thursday was substantial but unspectacular. It followed reports from West Germany and Japan that both countries, despite pressure for change from Washington, had apparently decided to maintain tight monetary policies. This news combined with the first, wispy evidence of inflationary pressures from higher commodity prices. Many Wall Streeters, convinced that interest rates were on the rise, sold enough bonds Thursday morning to fulfill their own prophecy. Sharply declining prices for bonds led stock prices down Thursday and then again Friday.

All that could have happened as easily 10 or 20 years ago. Not the next step. Computers at dozens of mutual funds, insurance companies and pension funds ingested the stock price information and automatically started dumping millions of shares. Other

traders, who knew that the computers were programmed to sell in such circumstances, rushed to beat them to the market with their own sell orders.

The momentum was probably magnified by the imminent new tax reform law. It creates a pool of investors eager to realize profits before the new law eliminates the capital gains preference. And with just minutes to react, few optimistic money managers were brave enough to challenge the thundering herd. What started as a plausible reaction to economic news ended as a selling binge.

Computer-driven trading is here to stay, virtually guaranteeing high volumes of trading and instant adjustment to economic news. But there's no reason to believe that automated trading will change the long-term prospects for individual stocks. Nor is there evidence that higher day-to-day volatility in stock prices means higher volatility across weeks or months.

Even the issue of day-to-day volatility may disappear. As computerized trading programs become more common, it's likely that they will become more sophisticated and will reflect more diverse market strategies. Some will buy while others sell, buffering market swings. Eventually, it's probable that computer programs will change from a disruptive to a stabilizing force.

The immediate danger is that the individual investors will mistake the short-term volatility for inherent risk and put their money elsewhere. If enough of them boycott the market, it would lose some of its value as a means for turning personal savings into productive capital. Such fears seem premature. Occasional, explosive changes in stock prices may leave some blood on the floor, but so far, it's hard to find evidence of enduring damage.

From Sullen Stalemate in Poland

What a welcome surprise from Poland: By deciding to grant a general amnesty for all political prisoners, the Jaruzelski Government seems to have heeded the wise advice of Polish church and human-rights leaders. It has produced an important gesture for once free of pettiness and calculation.

Indeed, it may not be too much to hope that this could be a start toward the national reconciliation the Warsaw Government has long claimed to seek. Perhaps Poland's brave, bitter struggle for a more democratic society can indeed be moved out of clandestine channels. That would require nothing less than a commitment by Warsaw to reopen legal routes to those same goals.

Had previous amnesties been followed by genuine steps toward dialogue, many of those now being released would never have had to return to prison. But the past need not determine the future. At the Polish Communist Party Congress earlier this sum-

mer, the Jaruzelski faction, which takes a softer line than others, won strong, conspicuous endorsement from Mikhail Gorbachev, the Soviet party chief. This allowed the Government to try reanimating some of the economic reform programs announced, but never consistently pursued, when martial law was imposed in 1981.

It has been six years since Solidarity was born as a mass movement, and almost five years since it was suppressed by force. In all that time, Poland has remained a society in sullen stalemate. The Soviet Union has watched its largest East European ally converted into a strategic question mark and an economic burden. Millions of Poles suffer continued spiritual demoralization and physical poverty along with official brutality of both word and deed. If the move toward reconciliation and dialogue is authentic and enduring, there will be reason for gladness in both East and West.

Make the Drivers Pay

Two statistics explain the weekday traffic jams in midtown Manhattan: In 1984, 30 percent fewer people came to the central business district daily than came in 1948, but 80 percent more came by auto. Unless the growth of auto use is checked, everyday traffic by 1990 will resemble the jams of the 1980 subway strike.

More immediately, the growing congestion threatens air quality not only in midtown at midday but around the East River bridges at morning and evening rush hours. The pollution could imperil Federal highway funding by the end of next year. New measures to shift people from cars to trains and buses are vital.

The city's transportation department is therefore offering a menu of such measures. Some rely on the marketplace, requiring auto users to pay more for the privilege of driving into Manhattan. Others rely on government regulation of access to the city's streets. The former are preferable, given reasonable management and enforcement.

The most draconian of the regulatory proposals would ban all private cars in midtown Manhattan during several daytime hours. That's a destructive idea. Such a ban would imperil major commercial enterprises and employers for the sake of traffic flow. Almost as destructive would be the proposal to ban trucks in midtown during all or part of the day.

Less drastic regulatory suggestions would

designate more crosstown streets as "transitways" for buses and taxis, like the successful experiment on 49th and 50th Streets. It forbids parking, truck loading and unloading during critical hours, cruising taxis and all vehicles that are headed for destinations not on the designated "transitway." Another proposal would impose rush-hour bans from East River bridges on cars occupied only by the driver.

The market approaches are much to be preferred. One obvious step would be to raise the round-trip passenger vehicle tolls on all tunnels and bridges into Manhattan, from a current maximum of \$3 to \$6 or more. That would be no higher in constant dollars than the tolls first imposed decades ago. The department also suggests an optional fee to permit use of midtown streets barred to other personal vehicles. Uniform tolls for bridges and tunnels would also discourage local congestion caused by bridge-shopping.

All such ideas can only complement the most effective auto-reduction strategy: improved subway and bus service. With the Federal air-quality deadline approaching, however, the city does dare not trust that such improvements will show results in time. The market approaches show the most promise with the least potential for harm to the city's economy.

Topics

Noble Examples

Per Aspera

Having chided Senator Jake Garn for soliciting a ride aboard the space shuttle while overseeing NASA's budget, we are happy now to salute his decency and courage in donating a kidney to his daughter Susan.

A diabetic from childhood, she suffered kidney failure for which a transplant was the only remedy. Mr. Garn stepped ahead of two of his sons, who also would have been compatible donors to provide it. The sacrifice was more than purely physical. He had to take time out from his campaign for re-election to a third term, which he is favored to win.

The operation was successful and Mr. Garn and his daughter are now

recovering. On earth, at least, Mr. Garn sets a noble example. The Senator-as-astronaut left us cold; we warm to the caring father.

All That Jazz

Is the good order of Communist Bohemia really threatened by Western jazz? The Czechoslovak Government of Gustav Husak apparently thinks so. Last week, it ordered the arrest of seven leading members of an unusual cultural organization called the Jazz Section.

The Jazz Section was founded in 1971, three years after Soviet tanks crushed Prague's brief liberal Spring. It has survived 15 years of

Stalinist winter by respecting, more or less, the system's rules. Technically, it is a special section of the official musicians union. It can thus send an uncensored newsletter on contemporary culture to a small, authorized membership. Somehow, after being passed around and photocopied, the newsletter reaches 80,000 readers.

The Jazz Section's message is strictly cultural and universalist, eschewing outright political dissent. Recently, the group raised funds for African famine victims. Karel Srp, the group's leader, recently expressed hope that official attitudes toward culture might be easing. Now he is under arrest and Prague has shown again that it fears any unchained melody and any uncensored voice.

Letters

The Theology He Teaches Is No Longer Catholic

To the Editor:

To me, as a second-year seminarian at St. Joseph's Seminary in Yonkers, Roy Meachum's analysis of the decision by the Vatican to revoke the Rev. Charles E. Curran's license to teach theology at the Catholic University of America (Op-Ed, Aug. 29) seems as misinformed on points of fact as it is confused on matters of interpretation.

Specifically, the assertion that Joseph Cardinal Ratzinger "sidestepped canonical legal processes" in the investigation of Father Curran and "denied him access to his accusers" is patently false. As your newspaper and others have reported, Father Curran and Cardinal Ratzinger have been involved in a seven-year exchange of ideas, a dialogue during which they have met to discuss the theological points made by Father Curran.

Then, Mr. Meachum's conception of the doctrine of papal infallibility as endowing the Pope "with the power to make divinely inspired pronouncements" is likewise inadequate. Rather, papal infallibility means that the Holy Father, under the charism of the Holy Spirit and solely on matters of faith and morals, is able to define without possibility of error truths held by the Roman Catholic Church. To suggest, as Mr. Meachum does, that the

decision to revoke Father Curran's status as a Catholic theologian in good standing extends this notion and somehow "declares all bishops infallible when they take a stand on faith or morals" is simply nonsensical.

The issue in the case of Father Curran is far simpler than Mr. Meachum has argued. It is this: Father Curran can no longer consider himself a teacher of Catholic theology because the theology he teaches is no longer Catholic. In no way does this decision run counter to either the spirit or the letter of the Second Vatican Council, a council that condemned abortion, as well as "unlawful contraceptive practices," and that required from every Catholic a loyal submission of will and intellect to the official teaching of the church (Gaudium et Spes, 47, 51, and see Lumen Gentium, 25).

Finally, Mr. Meachum's opinion that Cardinal Ratzinger is "outlawing the right to an individual conscience" is mistaken. In the spirit of Vatican II, the Cardinal is concerned that Catholics receive guidance from those appointed to teach and investigate Christian doctrine, guidance necessary for the formation of the individual conscience. For almost 20 years, Father Curran has neglected to do this and so has failed those whom he was meant to serve.

It is necessary and it is also truly unfortunate that he has lost his status as a teacher of Catholic theology.

CHARLES J. BROWN
Yonkers, Sept. 1, 1986

The Life of Religion

To the Editor:

The action taken against the Rev. Charles E. Curran (news stories, Aug. 19, 20, 21) evokes the shades of "unsafe" Catholics as disparate as the Jesuit John Courtney Murray in this century and John Henry Newman in the previous one.

Far from evincing merechutzpah in maintaining his position, Father Curran would seem to be illustrating Newman's own belligerent metaphor of the "combatants in that awful, never-dying duel... necessary for the very life of religion," which assures, somehow, both the freedom of theology and the maintenance of religious authority in the church.

Such a dynamic tension, delicate and nuanced as it is, can become unbalanced, either by the individual theologian or by religious authority. It is the balancing act that is in question today.

E. LEO MCMANNUS
North Miami, Fla., Aug. 27, 1986

Polls Are Irrelevant

To the Editor:

In censuring the Rev. Charles E. Curran, the Vatican judged his teaching by the quality of its substance, not the quantity of its support. From the interspersing of opinion polls favorable to Father Curran in your news coverage of the affair, the suggestion of legitimacy because of popular support is not hard to miss.

While perhaps newsworthy of themselves (to some), the polls are irrelevant to whether or not Father Curran's views are morally sound.

There may be room for comfort in God's long ago admonishment to Moses: "Neither shall you allege the example of the many as an excuse for doing wrong" (Exodus 23:2). At least we know this error is expected of us.

JOHN M. MARMORA
Oakhurst, N.J., Sept. 1, 1986

Policy of Undeifiability

To the Editor:

The Vatican's move against the Rev. Charles E. Curran does not expand the doctrine of infallibility, but rather asserts a policy of undeifiability. It's a matter not of theological authority, but of institutional power.

Rome punishes Father Curran so easily because he teaches at a pontifical university. Future Catholic theologians and students will no doubt place themselves farther from Rome's reach.

Cardinal Newman once noted how silly the Church would look without the laity. Soon we may see how silly some Catholic universities look without faculty, students or academic freedom.

KEVIN M. DOYLE
New York, Aug. 29, 1986

It Makes Sense to Keep Speed Limit at 55

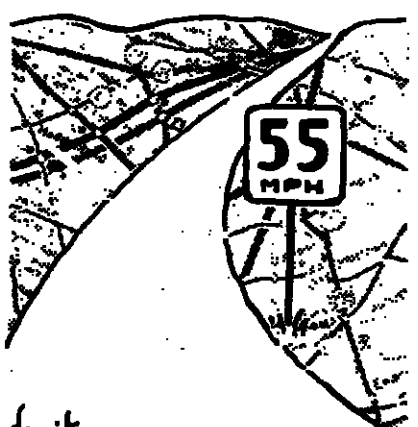
To the Editor:

"Different Speeds for Different Needs" (editorial, Aug. 26) makes some valid points about the 55 miles per hour speed limit, but it also contains some errors.

Yes, some roads are designed for travel at speeds up to 70 m.p.h., but this doesn't mean they're safe for steady traffic at that speed. The design speed of any road is, according to traffic engineers, the maximum safe speed that can be maintained under the most favorable conditions; it's the speed that should never be exceeded on that road.

If the speed limit and the design speed were the same, the design speed would be exceeded routinely. Fifty-five keeps most motorists—even speeders—from exceeding the design speed of most roads.

There's also the phenomenon of speed adaptation. This is why the idea to repeal 55 on some interstate highway segments is a bad idea. If the limit is raised to 65 or 70 m.p.h. on some interstate segments, travel speeds will increase on other highways because motorists unconsciously adapt to higher speeds. Raising the speed limit won't produce a nation of law abiders, unless a very high limit is chosen. In England, there was a movement last year to raise the limit on motorways from 70 to 80 m.p.h., because almost half of all motorists were exceeding the limit; 15 percent were going 79 or faster. That movement wasn't successful, mostly because of an expectation that an 80 m.p.h. limit would be disregarded, too.



Let's keep 55 on all roads—because it makes sense. According to the National Research Council, raising the speed limit on rural interstates would cost 500 lives a year. Let's say we were talking of the airline industry; if authorities found a way to save air travel time, but the price was two extra airline disasters a year, would we do it? Would you favor it? Of course not. Highway deaths aren't any less tragic than lives lost in airline disasters.

BRIAN O'NEILL
President, Insurance Institute
for Highway Safety
Washington, Aug. 27, 1986

Debt Ceiling Should Provide the Greatest Show in Washington

To the Editor:

All during August, the Treasury warned Congress that a debt-ceiling increase was needed by Aug. 15 to accommodate Government borrowing through Sept. 25 and avoid default on interest payments. The Senate tried to attach a Gramm-Rudman-Hollings repair provision to a measure that would raise the \$207.9 trillion debt ceiling by \$73 billion. But the House insisted on a bill not tied by encumbrances, and it was not until 4 A.M. on the morning it was to recess that it was able to pass a short-term extension by only \$32.3 billion to carry Government operations until late September.

In July, the Senate Finance Committee originally approved a \$244 billion increase in the debt ceiling, and even the \$73 billion it later voted would barely enable the Government to avoid delay in paying billions of dollars in benefits under Medicare, retirement and unemployment insurance. The \$32.3 billion increase barely gives the Government room to maneuver. Such actions do nothing to encourage respect for legislators.

The nightmare that haunts the Treasury is 1985, when Treasury Secretary James A. Baker 3d was forced to disinvest \$28 billion in long-term bonds held by Social Security trust funds to avoid exceeding the debt limit. In October 1984, the Treasury also had to cancel the investment of such trust

funds. Worse, the Treasury last year used Social Security payroll tax receipts to cover regular operating expenses of the Federal Government!

On July 22, the House demonstrated the clout of the elderly, voting 401-40 to prohibit the Treasury from redeeming Social Security trust fund investments to extend the Government's borrowing authority when the debt ceiling is exhausted, as it did in 1984 and 1985, which closes that avenue of fiscal legerdemain.

This means that Washington is to be embroiled in a three-ring circus: Tax reform is in the center ring, and Gramm-Rudman-Hollings flails nearby, but real attention should be focused on the high-wire act where the temporary debt ceiling—raised from \$207.9 trillion to \$211.1 trillion—will be tossed about perilously. And the whole show must be performed in the 20 legislative days from Congress's Sept. 8 return to its planned adjournment on Oct. 3.

JOSEPH SAWYER
Bronx, Aug. 28, 1986

The writer is a financial and marketing consultant.

Drug Buyer, Beware

To the Editor:

Programs to eradicate drugs at the source may work in some countries (at a cost), as James Mills points out ("The Simplest Way to Fight Drugs," Op-Ed, Sept. 5), but they offer no solution to the drug problem for the simple reason that growers will begin production elsewhere.

The solution to the drug problem must be sought not on the supply side of the market but on the demand side. The fact is that as long as people demand drugs and have the money to pay for them, they will find suppliers.

ARTHUR J. DOMMEN
Bethesda, Md., Sept. 5, 1986

Why Do New Yorkers Leave Auto Carcasses to Be Picked Clean?

To the Editor:

As a Californian living in New York for a year, I am puzzled about several common New York practices, but one has perplexed me completely. It concerns a car, smashed up from a fairly bad accident, that my husband and I came across while walking along Broadway, very near Columbia University. The car was unattended, and my husband noticed that the flares had already burned out.

"Boy," I said, "how long do you think it'll be before someone yanks the radio?"

We continued on. Returning an hour later, I had my answer. The radio was gone. So was the steering wheel. We stood discussing the situation with another passerby. The police drove up while we were there, making sure we weren't going to steal anything. Apparently, the car was under limited surveillance.

I marveled, "Wouldn't it just be easier to tow the car to a lot?" I

would have asked them, but they left before I could.

And still the car sat there. My husband, who works at Columbia, gave me daily reports: "Well, the seats are gone" (second day).

Third day: "They got the tires."

Fourth day: "Now, it's resting on its axles."

Mind you, this is right on Broadway. You'd think the police would have the car towed simply for being an obstruction to the roadway.

I mentioned this at a party the other night, and one person explained to me that in New York even cars are biodegradable. Another told me it was the police who strip the cars at night. I ex-

pressed disbelief, but he assured me it was true. He also said the insurance company would pay more if the car were dismantled; if the parts were intact, the insurance would pay only to reconstruct the car.

Now I know most people get tired of someone who always harps on how they do things in their hometown, but in California, we don't leave cars on the streets to be picked clean by vultures. Perhaps in New York this is a form of welfare, which is an answer I can accept. Not, however, believing that this is the real answer, I hope someone can tell me what is, so I can stop thinking about it.

JENNIFER BALL
New York, Aug. 28, 1986

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Should Rehnquist Be Promoted?

Yes: He Has Demonstrated His Ability

By Bruce Fein

WASHINGTON — Every sitting Associate Justice enthusiastically and unreservedly supports the nomination of William H. Rehnquist to be Chief Justice of the United States. Since his appointment in 1971, he has participated in deciding thousands of cases. During these years, his colleagues have witnessed his judicial temperament, scholarship and understanding of fundamental constitutional precepts. Their personal knowledge of his talents, integrity and judicial performance make their ringing endorsement of the nomination exceptionally persuasive.

Nevertheless, many politically partisan groups have implored the Senate to reject the nomination. They insist that Justice Rehnquist has consistently disdained constitutional protection of individual rights and minority groups in favor of government authority. The appraisal wrongly equates his view of the legality of Government policy with personal endorsement of such action.

Some critics have charged, for instance, that Justice Rehnquist would permit tax exemptions for racially segregated private schools. But his opinion in *Bob Jones University v. United States* endorsed Congress's power to deny tax exemptions to such schools. He maintained only that Congress had not endowed the Internal Revenue Service with unilateral power to revoke tax exemptions under an amorphous public-policy banner.

Other critics maintain that Justice Rehnquist does not object if states force pregnant teachers to take unpaid leave five months before childbirth. But he personally never approved a mandatory-leave policy. In two cases, he and Chief Justice Warren Burger said only that the Constitution did not deny a state legislature the option of choosing a policy requiring public school teachers to take leave at a stage in pregnancy that might cause physical impairment.

Justice Rehnquist is occasionally assailed for supposedly thinking that Texas need provide no education for illegal aliens' children. He did vote — so did three other dissenters — to hold that the Constitution did not deny Texas's refusal to provide a free public education to children illegally resident in the United States.

Bruce Fein was an associate deputy Attorney General in 1981 and 1982.

But he also joined in Chief Justice Burger's statement that were it the Court's "business to set the nation's social policy, I would agree without hesitation that it is senseless for an enlightened society to deprive any children — including illegal aliens — of an elementary education."

Civil rights groups criticize Justice Rehnquist for voting to allow prosecutors to eliminate prospective black jurors without explanation. But his vote in *Batson v. Kentucky* to sustain a time-honored use of peremptory challenges was not a personal endorsement of the policy. The vote simply reflected his interpretation of the Constitution in light of a legitimate policy of seeking unbiased juries — echoing the views of a unanimous Court 21 years ago, then headed by Earl Warren, a liberal jurist.

Many critics suggest, wrongly, that Justice Rehnquist's inclination to sustain the constitutionality of legislative action invariably subordinates individual rights. But in *Roberts v. U.S. Jaycees*, he voted to uphold a Minnesota law barring the Jaycees

He has been wrongly criticized and not properly understood

from discriminating against women.

What Justice Rehnquist understands, but his critics ignore, is that a Justice is unfaithful to his judicial oath if he votes to overturn every law he believes unenlightened, even immoral. Otherwise, legislatures' power would be crippled at the personal whim of the Supreme Court.

Justice Benjamin N. Cardozo cautioned against omnipotent judges. He taught that benevolent judges empowered to adjudicate according to their personal sense of justice might produce a benevolent despotism but that such a regime would put an end to the rule of law. Guided by Justice Cardozo's wisdom, Justice Rehnquist has compiled a glittering record.

That record has earned the highest American Bar Association rating concerning qualifications to be Chief Justice. It has elicited the endorsement of the nomination by his Supreme Court colleagues, scores of other judges and numerous law professors, and private lawyers. Such overwhelming support for the nomination in knowledgeable sectors of the legal community should carry great weight in the Senate.



No: He Has Advocated Segregation

By Don Edwards

WASHINGTON — Some senators apparently believe William H. Rehnquist when he states he has always believed racial discrimination is, and ought to be, unconstitutional. It is time to concede that his record speaks louder than his words. As Associate Justice, he has sought at every opportunity to minimize the constitutional and statutory protections against invidious discrimination.

Justice Rehnquist has voted against desegregating school systems more than any other member of the Supreme Court.

Ten times since 1971, the Court has decided whether a government practice adopted since *Brown v. Board of Education*, which struck down the separate-but-equal doctrine in public schools, intentionally discriminated against racial minorities. Unlike every other Court member, Justice Rehnquist insisted he saw no such invidious purpose in any of these cases.

Moreover, while serving as an assistant attorney general in 1970, he proposed a constitutional amendment whose purpose was to permit public-school segregation. It would have allowed segregation by the use of racially based school zones. Such gerrymandering, he wrote, was a common form of segregation in the North, and concededly violated "the general principle of *Brown*."

The amendment would have facilitated segregation by legalizing a student-assignment system euphemistically called "freedom of choice." For years after the 1954 *Brown* decision, Southern officials determined to maintain segregated schools adopted this system to circumvent desegregation. Under it, white students were free to stay in all-white schools that black students could attend only if they asked to do so.

The purpose and consequences of freedom of choice plans were well known in 1970 to William Rehnquist and everyone else concerned with implementing *Brown*. As noted by the Supreme Court in a number of cases, local officials adopted the plans to preserve segregation. Implementation of them resulted in virtually complete school segregation. The Civil Rights Commission reported that in districts using such plans 99 percent of black students were still in all-black schools. Ironically, because there was little residential segregation in the rural South, officials used busing to implement these plans.

In 1968, in three unanimous decisions, the Supreme Court declared freedom of choice systems unconstitutional if they resulted in continued segregation. The Rehnquist amendment was intended to overrule these cases. It would have made such plans constitutional — even though they were adopted in order to segregate the schools, and despite the fact that the standards for eligibility to transfer from one school to another had been drawn up to assure that black students did not transfer to white schools.

A key element of this proposal was to forbid the Federal courts to even inquire into the intent of government officials toward adopted plans that resulted in segregated schools. Permitting such inquiries by Federal judges, William Rehnquist asserted, was "simply not the way to run a railroad." His amendment was unashamedly intended to circumvent *Brown*. Had it been adopted, today Southern schools would be virtually

Don Edwards, Democrat of California, is chairman of the House Judiciary Committee's subcommittee on civil and constitutional rights.

WASHINGTON | James Reston

Two Cheers for CBS

One of the laments of this money-nutty age of Big Government, big corporations, big budgets and big deficits is that the individual is helpless in the face of overwhelming power. The latest struggle at CBS is a reminder that this is not necessarily so.

Enough has been said recently — more than enough — about how CBS was earning less and slipping more in the popularity ratings, but it has come out of this squalid corporate battle with its honor and its tradition intact.

This is because it has preserved its memory. CBS didn't pioneer television news in this country by toadying to the hucksters. It got to the top on the legs and brains of a lot of country reporters, most of them trained in the show-me habits of the middle-sized newspapers and the wire services.

It is true that Elmer Davis and Ed Murrow are no longer with us, and that Walter Cronkite, Eric Sevareid, Bill Shriver and the rest of the Old Guard have retired. But don't try to tell that to Dan Rather, Bill Moyers and Andy Rooney or their competitors at the other networks — John Chancellor, Tom Brokaw, Roger Mudd, Peter Jennings, Robin MacNeil and Jim Lehrer — who still remember where they came from.

Admittedly, CBS was lucky in its glory days. In Bill Paley and Frank Stanton, it had a couple of leaders who knew how to meet a payroll but also knew the difference between a manager and an editor. And if occasionally they confused the two, they were quickly reminded and they listened.

Also, CBS has been particularly lucky in its enemies. How could it lose with detractors like Senator Joe McCarthy of Wisconsin, Senator Jesse Helms of North Carolina, Ariel Sharon of Israel, and with a boss like Tom Wyman, who in this latest crisis wanted to sell the store to Coca-Cola?

Accordingly, when Mr. Wyman also began tossing the reporters to the bookkeepers and banishing the morning news to the entertainers, the board showed him the door and brought back Mr. Paley. So Big Bad Bill is Sweet William now, and the question is what he will do with his new unwanted responsibility. It's not the sort of present Mr. Paley expected on his 85th birthday, but at least he knows the difference between news and nonsense.

Unfortunately, he hasn't the power to get rid of the popularity ratings system, which tends to elevate style over substance. Commercial networks are not charitable institutions, and advertisers are more interested in selling than in educating the public, but some modest reforms are possible.

Bill Paley, in a way, is back with the problem that faced him at the beginning. He has to set the standards and find the men and women to carry them out, and he just may do it as a last service to the Old Guard.

Its honor and tradition are intact

Back in 1930, the young Bill Paley had an original idea, which may still have some merit today. He thought that the CBS news department should be directed by a man who knew something about the news, and for this purpose hired Ed Klauber, a former city editor of The New York Times.

This is not a suggestion that CBS should raise The Times again, but it was Mr. Klauber who brought Ed Murrow to CBS. When Ed Klauber died, Murrow said of him:

"He was a great editor, always insisting that it had to be right. If there be standards of integrity, responsibility and restraint in American radio news, Ed Klauber, more than any other man, is responsible for them."

Things are different now that television is the main source of news for most people, but given the awesome assignment of news gathering and reporting in this complicated and dangerous time, "integrity, responsibility and restraint" may be precisely what some of the working stiffs in the television news departments are missing.

As Walter Cronkite has observed, television news is primarily a picture headline service, very good at reporting the effects of human violence, but does not give enough attention to analysis of the causes of violence.

Maybe the crisis at CBS will force a reappraisal of this problem, for the networks are facing not only a revolt against the trivial and the superficial, but also new competition from public and cable networks and syndicates that can send the news by satellite into every cove and valley of the Republic.

We have the Daniloff case to remind us that the problems of gathering and reporting the news are more complicated and dangerous than they were when Bill Paley came out of Brooklyn to create the remarkable institution of CBS.

For it is not only the advertisers who influence the presentation of the news but governments, using all the skills of propaganda and deception to serve their special interests.

Bill Paley, in a way, is back with the problem that faced him at the beginning. He has to set the standards and find the men and women to carry them out, and he just may do it as a last service to the Old Guard.

IN THE NATION | Tom Wicker

A Naked Power Grab

LOS ANGELES — Franklin Roosevelt tried to "pack" the Supreme Court in the 1930's and suffered a Congressional defeat and much criticism for his pains. But his plan was less manipulative and more openly pursued, as a proposed constitutional amendment, than the naked power grab now being staged by Republicans and right-wingers in California.

Don't believe for a moment that the campaign to oust Chief Justice Rose Bird from the California Supreme Court is a spontaneous public uprising. Four groups working to defeat her reconfirmation have raised more than \$5.6 million, much of it through direct mail to previous contributors on conservative mailing lists.

These groups are linked to such right-wing names as state Senators H. L. Richardson and John Doolittle; the late tax crusader Howard Jarvis; the Free Market Political Action Committee and the Free Congress. Bill Roberts, the conservative political consultant, organized one of the groups, Crime Victims for Court Reform.

Don't believe, either, that the effort to get rid of Chief Justice Bird, who trails badly in the polls, is nonpartisan. Gov. George Deukmejian, a Republican up for re-election; Mike Curb, the Republican candidate for lieutenant governor, and Ed Zschau, the Republican candidate for the U.S. Senate, have all campaigned openly against her. So have other Republicans.

Ms. Bird was appointed in 1977 ("But I'm still accused of being inexperienced," she quipped in a recent interview) by a Democrat, Gov. Edmund G. Brown Jr. But she has steadfastly refused to accept Democratic Party money or the support of Democratic candidates. No doubt that's a relief to them, since her cause has become so unpopular.

Don't believe, finally, that the anti-Bird campaign is about the death penalty, although that is the emotional issue that Mr. Roberts, the Republicans and the right wing have fanned into near-hysteria. Their pitch is that the Bird court has defied "the will of the people" by permitting no executions since California reinstated the death penalty via a badly drafted ballot initiative in 1978, and that murderers therefore are being turned loose to return to the streets.

In fact, in every instance of the death-penalty reversal, the Bird court has found a constitutional infirmity in the law; and if the result has been no executions, that only makes California one of 25 states (of the 38 in which a capital-punishment law has been enacted since 1977) in which no one has

been executed. Not a single person whose death penalty has been overturned by the Bird court has gone free; all are serving life terms without parole, or await new trials.

Thus, the death penalty is only the trumped-up excuse for the anti-Bird campaign — the actual purpose of which clearly is to put a conservative majority on the California Supreme Court. Not only is Chief Justice Bird's seat under heavy challenge; so are those of Justices Cruz Reynoso, the first Hispanic to sit on the high court, and Joseph Grodin, a former labor lawyer, both appointees of Governor Brown. But Ms. Bird is the natural focus of the campaign, as the court's first woman, an outspoken defender of individual rights, and Chief Justice.

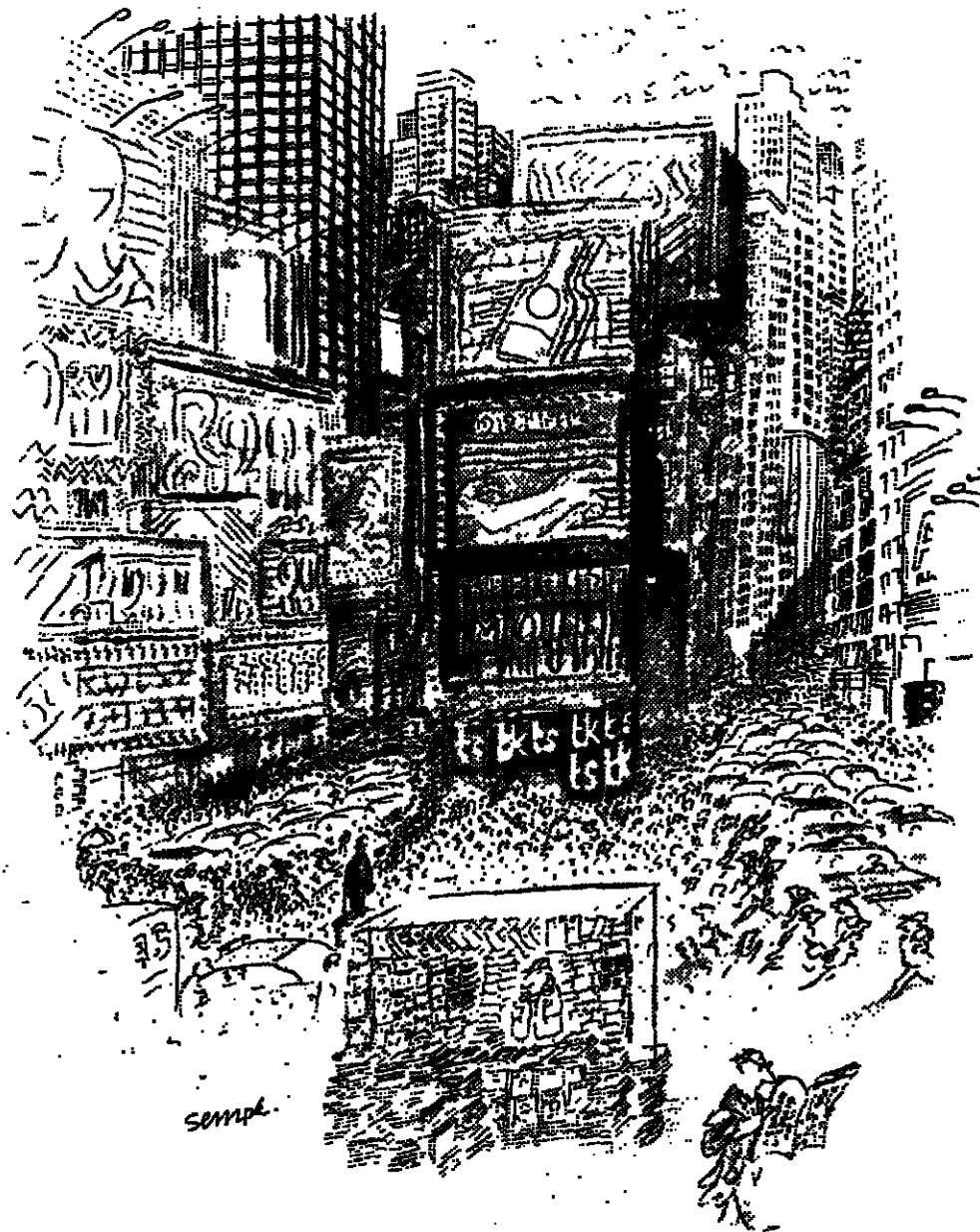
Governor Deukmejian already has appointed two other members of the seven-seat court. If any two of the three justices under heavy right-wing challenge are defeated, and the Governor is re-elected — both possibilities are favored in the polls — he will obtain a Deukmejian majority by naming new justices for the empty seats, perhaps including a Chief Justice.

That politically contrived Republican court would review any legislative reapportionment after the 1990 census in the nation's largest state. And a deeper motive of the business groups involved in the anti-Bird campaign — big contributors include the Independent Oil Producers Agency and the Western Growers Association — was suggested when Crime Victims for Court Reform issued a paper charging the Bird court with being "anti-business."

Upon inspection, The Los Angeles Times commented that the "disregard for fairness, not to mention accuracy, of this position paper should rule it out as evidence of any kind."

Historically, the California Supreme Court has made a progressive record in cases involving industrial safety, accident victims and the like. There's little doubt that such decisions, as well as political power over reapportionment, are the real targets of the right-wing, Republican anti-Bird campaigners now so close to politicizing one of the most important courts in the nation.

The right and California's high court



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These times demand The Times.

The New York Times

Arts & Leisure

2 Directors Brew Surprise From Trouble

By VINCENT CANBY

In a dim summer season that saw the instant demise of George Lucas's big-budget "Howard the Duck," and in which David Cronenberg's lean, stripped-down remake of "The Fly" is possibly the most stylish American movie and Eric Rohmer's "Summer" the best foreign film, two unusually rewarding, low-budget productions by new film makers deserve attention before they're allowed to disappear. By coincidence, both are playing somewhere south of 14th Street — long a refuge for artists and ideas unable to survive in uptown Manhattan.

They are "No Surrender" (at the Waverly Theater), a melodramatic English comedy that wears a crooked, false-tooth smile and the sardonic, hand-me-down manners from dozens of earlier films and plays about the



Marjorie Sudell, Ken Jones, James Ellis and Michael Ripper in "No Surrender"

Irish "troubles," and Ross McElwee's "Sherman's March" (at the Bleecker Street Cinema), one man's search for self-esteem (and women) as he tramps (sometimes in a beat-up old MG) through Georgia and the Carolinas, armed only with a camera and sound equipment. These films may not be for everybody. However, at a time when even our most accomplished mainstream films have a certain built-in predictability to them, "No Surrender" and "Sherman's March" are capable of eliciting a response that's very rare at the moment: surprise.

Are Today's Artists Prophets? Yesterday's Weren't Always

By WILLIAM H. HONAN

We live at a time when the artist is ascendant. We may have shaken the cleric and learned to beware the politician, but we are thoroughly art-struck.

In the common view today, the artist is a seer and prophet. He knows what lies ahead; he is shaping the future, if only we would listen.

Superficially, it does appear that at least over the last century the artist has been ahead of his time. Ibsen and Strindberg seemed to know exactly where the theater and indeed society as a whole were going; Shaw, Klimt and Schiele, to mention only three, anticipated World War I; Anatole France and H. G. Wells even "fore-

troops at Valley Forge. But after its initial success, the play was scorned and ridiculed by such arbiters as Dr. Johnson and Alexander Pope, and it quickly vanished from the repertory. Later, Goethe's "Faust" aroused admiration around the world, and these two flashes in the firmament helped to convince several generations of English poets that Shakespearean tragedy had not died with Shakespeare.

Byron was the first major 19th-century English poet to try his hand at drama. During 12 days in 1817, he scratched out the first two acts of a Faustian tragedy called "Manfred." Completing the work took longer, but when published the play was roughly handled by the critics and never professionally staged. A few years later,

persistent and most bloodied of the lot. Long after completing his Arthurian epics and having established himself as the leading poet of his age in England, Tennyson turned to the theater. He would succeed, he believed, where Byron, Shelley, Browning and the rest had failed, by writing a series of historical tragedies modeled after Shakespeare and certain precepts of classical drama. But even a magisterial performance by Sir Henry Irving could not save his first effort when it opened with great fanfare at the Lyceum in 1878. Undaunted, Tennyson pressed on right up to the time of his death, bashing his head again and again against the wall of theatrical success, writing no fewer than six colossal flops and one ("Becket") that was greeted with mild although fleeting approval.

Only the cheap sentimentalist Bulwer-Lytton succeeded in winning a popular following with such verse dramas as "Richelieu," which was first acted by Macready and revived by Irving no less than four times. My own father used to recite "Richelieu" while practicing thoracic surgery. Today, reading his well-worn copy of Bulwer-Lytton,

*Beneath the rule of men entirely great
The pen is mightier than the sword.*

one is tempted to think that these recitals may have had a beneficially anesthetic effect on his patients.

But make no mistake, these poets were no fools. With the exception of Bulwer-Lytton, they were the best and the brightest of their century. Moreover, they were not alone. Learned journals were filled with defenses of their work. Scholars and aesthetes insisted that the poetical drama of the 19th century would one day be hailed as works of genius, and would be performed around the world along with Shakespeare.

The sad truth is, of course, that although occasionally put on today for the Browning Society or other specialists these plays are gatherings of dust, and if produced for the general public they would leave scarcely a wakeful eye in the house. When one contemplates all the brilliant talent wasted in this cause, it seems a kind of literary battle of the Somme. What made them do it, we wonder as we shake our heads in dismay.

The explanation for the failure is easier to pin down than the motive. Byron and company had conceived of drama as a surface rather than a structure, and that was a fatal misunderstanding of the form — rather like attempting to build a castle with leaves. Furthermore, as T. S. Eliot observed, they were fixated on a form — principally the five-act, blank-verse tragedy — that had been exhausted by an earlier generation.

What can we learn from this today? Well, for one thing, humility. Also, renewed respect for the inimitable genius of Shakespeare. And finally, a common-sense recognition that the artist now as then may be wrong-headed — about his own art as well as the course of history, not to mention matters of foreign policy and the intellectual fashions of the day. Consequently, it may be, for example, that the contemporary director-inspired theater work of Robert Wilson and his followers is charging pell-mell in the wrong direction. Just as the 19th-century English poets tried with such futility to breathe life into a moribund art form, it may be that our theatrical vanguard today is also headed backward instead of forward, retreating toward such early theorists and directors as Meyerhold, Gordon Craig and Artaud yet lacking the genuine impulse of these artists, who were responding in their time to the excesses of naturalism.

Historical analogies may never prove a case, yet they serve well if they give us pause.

In form, "No Surrender" is utterly conventional, having the manner of a one-set play that's been "opened up" as a film. It's about one especially terrible New Year's Eve at a tacky nightclub, the Charleston, set in the outskirts of Liverpool, where two groups of bone-weary Protestants and Catholics — Belfast natives who are living out their golden years in Liverpool — meet in an unexpected confrontation. They are halt, blind and dangerously short of breath, but these gallant, totally misguided patriots carry on their furious fight with food, beer and whisky bottles, all the while making feeble stabs to celebrate, as custom dictates.

Says one elderly Catholic woman, dressed in what appears to be a tutu, of a husky Protestant fellow on the other side of the room, "I could go for him. . . but he once broke my Edward's head."

Though "No Surrender" ultimately offers the audience some hope for reconciliation, that seems to be nothing more than an obligatory dramatic gesture. The film is most effective (and most funny) in direct proportion to its seemingly random bleakness. Never has New Year's Eve in a movie seemed as cheerless as it does in "No Surrender," many of whose characters will count themselves lucky just to survive to Good Friday.

"No Surrender" is the first theatrical feature for its writer, Alan Bleasdale, and director, Peter Smith, both of whom have extensive television credits. Like many first films, it's rather better in presenting the idiosyncratic details of character, scene and atmosphere than it is in shaping them into an equally idiosyncratic whole. If anything, "No Surrender" is too shapely. After the first 15 minutes or so, you know where it must lead if it's to observe the rules of the well-made, one-set play it resembles.

What saves it from winding up as drearily as "Steaming," Joseph Losey's attempt to make feminist cinema out of Nell Dunn's English play (set entirely in a women's bathhouse in London), is the film makers' appreciation

for the individuality of their characters.

Unlike the cross section of women in "Steaming," who could have been chosen by a pollster, the people in "No Surrender," even with their angry biases, don't easily conform to types. When they spout predigested points of view, it's to the dismay of the film, not to feed the audience information, as in "Steaming." (That film's single claim to notoriety is that it contains what may be the only uninteresting film performance given by Vanessa Redgrave in the last 10 years.)

In "No Surrender" the confrontation between time-enslaved Catholics and Protestants doesn't happen by chance. Before the start of the film, a disgruntled Charleston Club manager, dismissed for stealing, has booked not only the two opposing Northern Irish factions, but also a party of senile patients from a home for the mentally handicapped.

To make sure that everything goes immediately wrong, he's also hired — as entertainers — a neurotic magician with a nervous rabbit, an effeminate comedian and his boyfriend, plus an amateur punk-rock band that gets the evening off to a smashing start with a number about the coming nuclear holocaust. In addition, the members of the Catholic party arrive decked out for a fancy-dress contest, the winner to receive a nonexistent prize of an all-expenses-paid 10-day cruise to Cardiff, Belfast and Glasgow.

Presiding over the evening's disintegration is the Charleston Club's new, initially bewildered manager, a youngish, haunted looking man named Mike (Michael Angelis) — a mythic nobody with a past of no importance and a future that's no more promising. In spite of himself (and because there's really nothing else to do), Mike attempts to bring order out of the chaos.

To an extent, he succeeds, but Mike is less interesting as a character than as a function of the film's barren, Krazy Kat landscape. The inside of the club, where most of the brawling and one murder take place, seems uninhabited even when there are people in it. It's a large, rented space, grudgingly designed to meet the minimal requirements of its guests. The exterior of the Charleston is more depressing. It looks like a former warehouse, standing at the center of a vast, forlorn weedy lot.

Though the landscape appears to be deserted, Mike is warned when he arrives for work that the life expectancy of any automobile left in the Charleston Club's car park is poor. Like Manhattan cockroaches as soon as the lights are turned off, teen-age toughs materialize out of nowhere when one's back is turned. It's estimated that they can reduce any untended vehicle to its components in less than 30 minutes.

The physical world of "No Surrender" vividly reflects the no-man's land in which its old but still game Irish pensioners now find themselves. They're at the end of the line and exhausted, but they continue the battle. This fatally wrongheaded persistence is far more moving than the faint note of reconciliation on which the film ends.

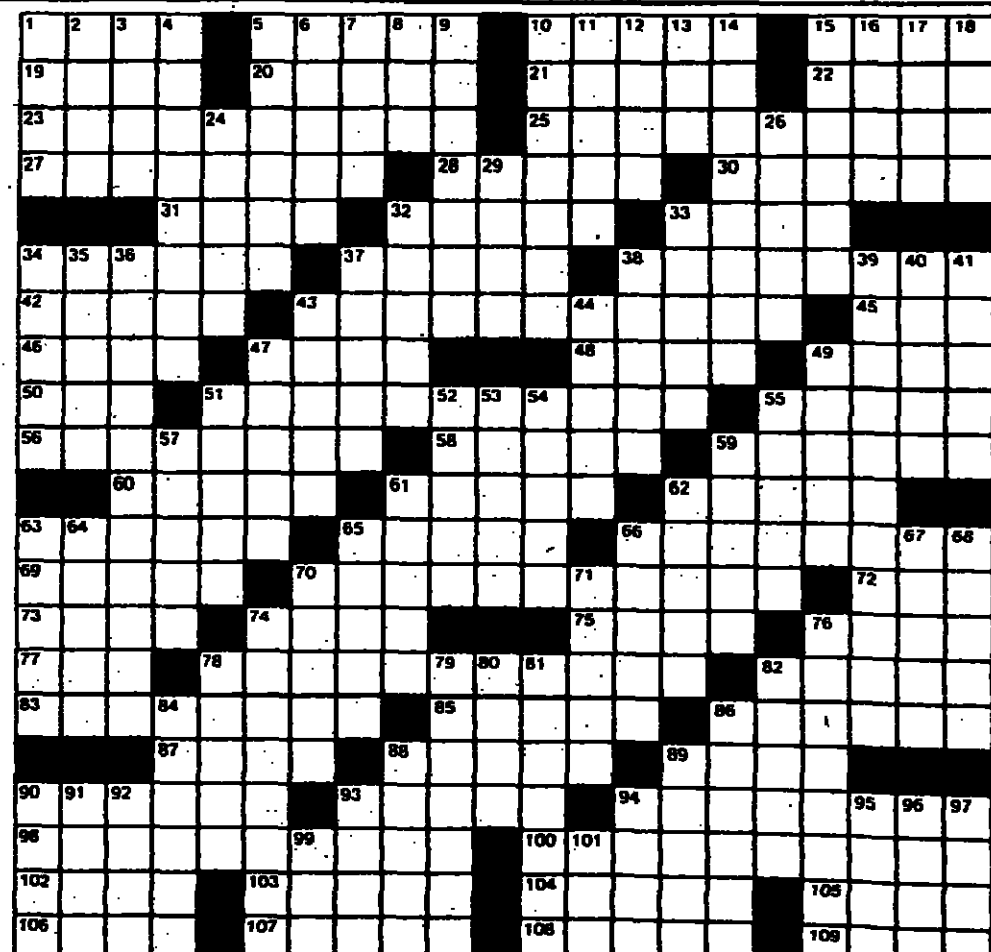
"Sherman's March" is something very different, a deadpan, dryly comic, movie equivalent to the kind of journalistic piece in which the writer takes up all his space explaining why he did not get the story. The Southern-born Ross McElwee, the film's director, cameraman, editor and producer, tells us at the top of his long interest in William Tecumseh Sherman, the Union general whose scorched-earth march through the South helped to end the Civil War. Mr. McElwee has a \$9,000 grant with which to make a film about the still-evident effects of that march but, as he sets out to follow Sherman's trail, he's jilted by his girlfriend.

"Sherman's March" becomes, instead, a record of the disconsolate film maker's march through the South in search of another woman, or other women. In his solemn words, it's "a meditation on the possibility of romantic love in the South today." Before he takes off from his home town of Charlotte, N.C., his sister points out what the film maker possibly knows already: that his camera is a great way for meeting women.

Book Country Revisited

ACROSS

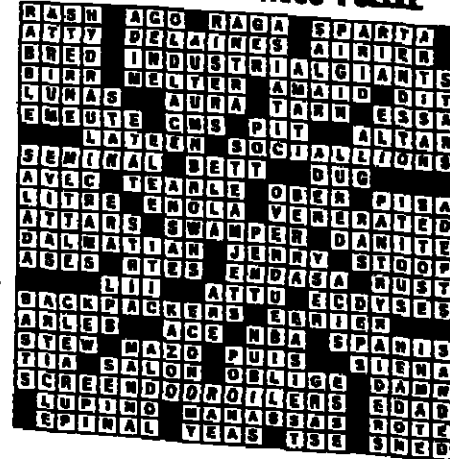
- 1 "As I Lay Dying" character
- 5 Writer St. Johns
- 10 "Is — Burning?" best seller in 1965
- 15 An Allen who wrote "Treadmill to Oblivion"
- 19 Sioux
- 20 Start of a W.S. title
- 21 — France
- 22 Erasmus's acquisition
- 23 Popular Australian novelist
- 25 Irving's "The Rules"
- 27 Runs
- 28 What magpies do
- 30 Archer's "A — of Honor"
- 31 Borodin's "Prince —"
- 32 "Villain, thou —" W.S.
- 33 A neighbor of Ghana
- 34 Nation target
- 37 U.S. satellite
- 38 Start of a best seller's title: 1896
- 42 Jogs
- 43 Site created by Keilor
- 45 "Rhine Maidens" author
- 46 "Scram!" in Hamburg
- 47 London subway
- 48 Author Milne's first name
- 49 Sri Lanka langur
- 50 "Exodus" hero
- 51 Hill's "The Eleven —"
- 55 Encrusted
- 56 Just good enough
- 58 People in Burke's book
- 59 Nice Nellies
- 60 Tyme Daly's Emmy role
- 61 Shrimp, for one
- 62 Spyri heroine
- 63 Turbine part
- 65 Sculpt
- 66 Agitates
- 69 Norwood's "Who Love Too Much"
- 70 New book by Thomas
- 72 Haas's " — to Win"
- 73 Footless
- 74 Costain's "Below the —"



DOWN

- 1 Lake or singer
- 2 On
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- 4 "James — Dog Stories"
- 5 Former Dodger manager
- 6 Widow's inheritance
- 7 Twain's " — Diary"
- 8 Author Whitten
- 9 He wrote "Steps in Time"
- 10 "Guernica" painter
- 11 Heeling, as a ship
- 12 Beatty film
- 13 Fish or suffix
- 14 — the Mount: Matt. 5
- 15 "Martha" composer
- 16 Rummage about
- 17 Old language
- 18 Natty
- 19 Bumpo's quarry
- 24 Roles for Ferrer and Plummer
- 26 Siegfried's killer
- 29 Garfield's sound
- 32 Loos's "A Girl —"
- 33 Forum garb
- 34 Latigo
- 35 Macaw
- 36 "Last of the Breed" author
- 37 Gueridon
- 38 Sprees, in —
- 39 "Out of Africa" author
- 40 Giggie
- 41 Sites of occipita
- 43 Founder of national French opera
- 44 "Father of Television"
- 47 Umbrian river
- 49 Actress Adams: 1872-1953
- 51 A Burgundy wine
- 52 MOMA display
- 53 Chutzpah
- 54 Soprano Johanna
- 55 Topic in "The Underground Empire . . ."
- 57 Full
- 59 Sir Henry (Hotspur)
- 61 Valsya or Sudra
- 62 Adverts
- 63 Derby winner: 1955
- 64 Safari headgear
- 65 Soprano who wrote "My Life"
- 66 Rais; stools
- 67 Chaucerian products
- 68 Stribling's "The —"
- 70 Little servant girl
- 71 Pope John XXIII's " — in Terra"
- 74 Drooled
- 76 Phil Patton book, for short
- 78 Burden, in Bologna
- 79 Altar screen
- 80 Ruck
- 81 Shelley allegory
- 82 Perilous precipitation
- 84 Root and Yale
- 86 Arson, e.g.
- 88 Garb worn by Gandhi
- 89 Failed to pass the bar
- 90 Southwest wind
- 91 King Lear's interjections
- 92 Chief god of Memphis
- 93 Camel
- 94 Place for a casquette
- 95 Tommy-gun lead
- 96 Cape Dutch
- 97 Genuine, in Germany
- 99 Charlemagne's dom.
- 101 "Some — meat . . ."
- 102 Burns

ANSWER TO PREVIOUS PUZZLE



Only one of Byron's verse dramas was produced.



Shelley's "Cenci" wasn't produced in his lifetime.

saw" the development of the atomic bomb; Cezanne, Matisse and Picasso were certainly prophetic about the artistic landscape of the future; and so forth — all of which has led us to invest such extraordinary confidence in the artist today.

But is the cliché correct? Can we really depend on the artist as a visionary?

It is customary to give the artist the benefit of the doubt in this part of the forest (if not here, where else?), yet it is also stimulating to at least consider the possibility that our present-day faith in the artist has become swollen out of fair proportion, and that many of our artists are self-deceived.

Consequently, before we accept the assertion that the imagist theater of Robert Wilson, Meredith Monk, Lee Breuer et al. is an unstoppable wave of the future, before we stuff our esthetic trunks to overflowing with the neo-expressionist works of Julian Schnabel, Francisco Clemente and David Salle, before we gorge ourselves on new art of all kinds and lapse into a snooze content in the knowledge that we have seen the future, we might do well to recall what happened in the 19th century when the best English poets of the age set out to revive Shakespearean blank-verse tragedy. It was an esthetic adventure of great daring, yet one that, in retrospect, teaches humility. For that reason it is a story that is important, if chastening, for these times.

To set the stage for what was to come in 19th-century English letters, it may be recalled that in 1713 James Addison had scored a brief triumph with his poetic tragedy "Cato," which had the distinction of being acted in as a boy by the future King George III, and later staged by Washington's

Byron wrote four more verse dramas dealing with classical and biblical themes, but only one of them was actually produced, and that with poor results, leaving the poet to fume:

"As long as I write the exaggerated nonsense which has corrupted public taste, they applaud to the very echo, and now that I have really composed, within these three or four years, some things which should not willingly be let die, the whole herd snort and grumble and return to wallow in their mire."

Meanwhile, Byron's friend Shelley, who had just translated "Faust," was seized with a desire to write a popular poetic tragedy that Edmund Kean might perform at Covent Garden. Perhaps mindful of Kean's fascination with the role of Richard III, Shelley chose as his theme the lurid story of Count Francesco Cenci, who murdered his sons and raped his daughter, later to be killed by his daughter. "Sodom was the least and Atheism the greatest of the vices of Francesco," was Shelley's introduction for his villain. But Kean had no stomach for the role, and "The Cenci" was not produced until half a century after Shelley's death, and then only nostalgically by the London Shelley Society.

Browning was up next with five plays, all failures. Matthew Arnold's "Meropis" was so cold and stiff it was never acted, although his Preface of 1853 championed Classical Greek drama and did much to establish the theater as a cultural force. Swinburne's "Bothwell" achieved the distinction of becoming the longest play in the English language (a record to withstand even the current assault by "Nicholas Nickleby"), and it, like Swinburne's other dramas, was never to see the stage.

Tennyson stands out as the most

Heidelberg wonders finally return home

Bezael Narkiss

JOSHUA and his hosts have returned home to Heidelberg after an abduction to the Vatican in Rome lasting 363 years. They returned this summer, in fact, for a short holiday that will end in mid-November. The illustration of the conquest of the Land of Canaan by Joshua and the Children of Israel, executed by a Byzantine artist in 10th-century Constantinople, is a series of paintings in "comic strip" technique, with captions in Greek on a parchment scroll three metres in length.

The illuminations of the Joshua Scroll are interesting not only because they are by a great artist, but also because they contain classical elements drawn from an ancient tradition of illustration from the early Middle Ages. Moreover, we know that the illustrations were used for centuries as models for illuminating the book of Joshua.

The Joshua Scroll was stolen from the Palatine Library of the University of Heidelberg in 1623, along with 8,000 manuscripts and rare printed books covered by Pope Gregory XV for the new Vatican library. He, however, never saw them, since they arrived in Rome after his death. Now, 588 of them have been lent to the university for the exhibition mounted to celebrate its sixth centenary.

THE UNIVERSITY was founded on October 18, 1386, on the initiative of Duke Ruprecht I, one of the dukes of Heidelberg who ruled the Palatine of the Rhine from their palace overlooking the River Neckar.

The dukes were noted bibliographers, whose agents travelled far and wide in search of rare manuscripts. In this way they acquired Hebrew manuscripts, including Bibles, midrashic works and prayer books, as well as other oriental manuscripts in Syriac, Arabic, Ethiopic and even Turkish, many of them beautifully illuminated.

Their library also included thousands of Latin manuscripts, including giant Bibles for Italy, France, England and Germany; works on law, medicine, theology, philosophy, poetry and mathematics; and even non-academic works such as the "Manual of Falconry," compiled in the 13th century by Emperor Friedrich II.

When Ruprecht died in 1390 his nephew, Ruprecht II, chose an original method of supporting the new university. He expelled the Jews from Heidelberg, turned their synagogue into a chapel, and gave it, together with their houses, to the university, together with 3,000 guilders of confiscated money.

From then on, the duke's support was continuous; but since they had no more Jews to expel, they had to donate their own money, property, and above all their books.

Thus, in 1421 Duke Ludwig III, who had already given the university the Heiligegeistkirche, the Church of the Holy Ghost, had a great many of his books transferred there. Just over a century later, the whole of the Palatine library was moved to the upper gallery of the church, and it is there that the "Bibliotheca Palatina" exhibition is being held.

DURING the 16th century, the university, the city and the dukes were at the centre of the struggle for the reformation of the Catholic Church which engulfed the whole of Europe. The Reformation spread very quickly in Heidelberg, and in 1546 a Lutheran mass was celebrated in the Heiligegeistkirche. Duke Ottheinrich became a Lutheran, and the officials of the university followed suit.

The dukes' gifts of books to the university continued, but none surpassed that of Ulrich Fugger, scion of an exceedingly wealthy Augsburg family, who amassed one of the largest private libraries in Europe. Persecuted for his reformist views, he was offered asylum in the ducal palace at Heidelberg and his library was housed within the Palatine Library. The collection, which he added to the university, included 167 Hebrew manuscripts.

At the beginning of the 17th century, the conflict between Catholics and Protestants intensified, culminating in the bloody battles of the Thirty Years War. In the struggle for the conquest of the Palatinate, Heidelberg was besieged by the army of Catholic Duke Maximilian I of Bavaria in the winter of 1621, and fell to his leader, General Tilly, the following September.

Pope Gregory's emissary, Leone Alacci, immediately started to pack the books of the Palatine Library for their removal to Rome. In mid-February 1623, 50 carts laden with packing-cases left Heidelberg, guarded by 60 musketeers, and after a perilous journey across the Alps the convoy reached Rome on August 4, 1623.

THE "Bibliotheca Palatina" exhibition is divided into three main sections. The first is arranged as a 17th-century university library: the humanities, followed by astronomy and mathematics, philosophy, theology, law, history, and medicine. Only then came the classical Latin and Greek literature, followed by Hebrew and other Oriental languages. At the centre of this first section is the "Treasure," starting with the "Manual of Falconry" and ending with the Joshua Scroll.

The second section is basically historical, showing the development of the Palatine Library, with examples of books collected by the different dukes from Ludwig III to Friedrich V, a subsection devoted to the Fugger family's activities as collectors and publishers, and documents connected with the removal of the library to the Vatican.

The third section is the smallest, but undoubtedly the most interesting. Entitled "Scriptorium," it relates to that part of a monastery where manuscripts were copied. It comprises two special exhibits, one showing in great detail exactly how books were produced in the Middle Ages, the other reconstructing a scriptorium from St. Mary Magdalene's Monastery at Frankenthal, near Heidelberg, which seems to have been an important centre for copying and illuminating manuscripts from the 12th to the 15th century.

One of the most beautiful, and certainly the most famous, manuscripts shown here is the Worms Bible, belonging to the British Library in London, which is the only one lent to the exhibition apart from those from the Vatican. This Bible, copied in 1148, was bought by an English collector from a church near Worms - hence the name by which it has always been known.

The person who found its true origin to have been Frankenthal was the arranger of this section of the exhibition, Dr. Aliza Cohen-Mushlin, of the department of art history at the Hebrew University, who discovered and published the secrets of Frankenthal.

The Hebrew University's links with Heidelberg were strengthened when Prof. Moshe Eliaf was appointed rector of the German university's newly established School for Hebrew Studies.

It is also of interest to note that Heidelberg is twinned with Rehovot, whose mayor, Yehzekiel Hamelech, recently led a group of 250 of his co-citizens to see the "Bibliotheca Palatina" exhibition.

Soften up the opposition with a disarming statement

RANDOMALIA / Miriam Arad

LIFE IS tough, and we need the best weapons we can get to contend with it. One such weapon, extremely effective if wielded at the proper time and place, is the disarming statement.

Let's begin with a simple example, to be used by that most defenceless of creatures, the human tourist. The idea is to precede all conversations, remarks, questions, requests, with the announcement: "Excuse me, I'm a foreigner here..."

It works like magic. It gives the native an instant feeling of superiority, which naturally makes him happy. Being happy, he becomes informative, helpful, patient, and ready to explain in great detail how to get from here to there, or even take you home.

There's almost nothing you can't say or ask as a self-acknowledged greenhorn, and it's a great opener for a friendly chat besides, if you are so inclined. Americans are absolute-

ly charmed by it, though I'm less certain about the French.

Some people are reluctant to use this tactic, notably the hard of hearing, who often prefer to miss half of what one is saying rather than admit to their handicap. I wouldn't say: "Excuse me, I'm a bit deaf, would you mind speaking up?"

You can even disarm the young by telling them frankly that no, you have nothing against punk as such, from green hairdos to rock. It's true that you find it barbaric and repulsive, but that's just a question of age. "Excuse me, I'm an old fogey. I like Sinatra."

YOUR STATEMENT does not even have to be strictly true. "Excuse me, I've a lousy memory" is met for that nondescript individual you met at a party, and who accuses you in the street a fortnight later, expecting to be recognized.

"Excuse me, I'm dumb" is good for that tough.

experts in any field - plumbers, nuclear physicists, medieval scholars, deep-sea divers - who overwhelm you with their particular expertise. They may be showing off, but more often they are so deeply immersed in their esoteric knowledge that they genuinely can't grasp the depth of your ignorance.

The I'm-dumb tag also works quite well with clerks and officials of every kind. If your taxman tries to demoralize you with a string of rules, clauses and subsections, and you profess yourself an idiot, he'll very likely turn polite and say, "No, no sir, of course you aren't," and in any case it'll soften him up. No trick is too base when it comes to fighting monsters and dragons.

You can, if you're brave, confess to almost any weakness. You can say you are clumsy, weak-willed, unreliable, short-tempered, unsteady on your feet. The only thing you mustn't admit to is having no sense of humour.

Life is tough, as we said, but not that tough.

BASEBALL Mets still one short

Von Hayes: Hold the champagne

NEW YORK (AP) - Von Hayes broke a seventh-inning tie with a two-out, two-run homer and the Philadelphia Phillies once again stopped the New York Mets from wrapping up the NL East title, defeating the Mets 6-5 on Saturday night in Philadelphia.

The Mets need only one victory over the second-place Phillies to claim the Third Division title in their history. They blew leads of 3-0 and 4-2 on Saturday.

NATIONAL LEAGUE
Tom Browning pitched a five-hitter and Bo Diaz keyed a three-run sixth inning with a run-scoring single as the Cincinnati Reds defeated the Dodgers 3-0 in Los Angeles.

Dale Murphy hit a three-run homer and the Atlanta Braves snapped a six-game losing streak with a 4-1 victory over the Giants in San Francisco.

Jim Morrison broke a sixth-inning tie by doubling home Mike Diaz and the Pittsburgh Pirates beat Chicago 5-2 in Pittsburgh, ending the Cubs' five-game winning streak.

Dennis Martinez scattered seven hits over 8½ innings and Mitch Webster and Andres Galarraga hit home runs as the Montreal Expos beat the Cardinals 5-1 in St. Louis.

Jeff Reardon finished up for his 33rd save, tying St. Louis' Todd Monroy for the most in the National League.

Steve Garvey's two-run single climaxed a three-run San Diego rally in the ninth inning as the Padres defeated the Houston Astros 4-3 in San Diego.

AMERICAN LEAGUE
A club record seven home runs, including two each by Darrell Porter and Ruben Sierra, powered the Texas Rangers to a big 14-1 victory over the Minnesota Twins in Minneapolis.

Bert Blyleven, 15-12, was victimized for five homers, raising the season's total off him to an American League record 44.

A bases-loaded single by Darrell Evans and bases-loaded triple by Det. Lemmon keyed a five-run Detroit seventh inning as the Tigers beat the Baltimore Orioles 7-2 in Detroit.

Reliever Jay Howell threw a pair



Blue Jay Manny Lee backs away from a tumbling Brewer Paul Molitor (No. 4) after Lee had completed the double play throw during the 4th running of the Toronto-Milwaukee game. (Reuter telephoto)

of wild pitches with runners on third base in the eighth inning, allowing Cleveland to break a 6-6 tie and defeat the Oakland A's 8-6 in Cleveland. The Indians have swept all eight of their games with Oakland this season.

Dan Pasqua and Dave Winfield each hit home runs in New York's 17-hit assault and the Yankees held on to beat the Boston Red Sox 11-6 in New York.

Pasqua, making his first start since last Tuesday, hit a two-run homer in the first, his 14th. Winfield hit a three-run homer in New York's five-run fifth inning as the Yankees took a 9-0 lead.

Dennis Leonard and Bud Black combined on a sixth-inning and the Kansas City Royals took advantage of two errors by right fielder Danny Tartabull for a 5-4 victory over the

Seattle Mariners in Kansas City. Willie Upshaw hit a two-run homer and Tony Fernandez had four hits in support of four-hit pitching by Joe Johnson and Mark Eichhorn, as the Toronto Blue Jays snapped a five-game losing streak with a 7-1 triumph over the Milwaukee Brewers in Milwaukee.

NATIONAL LEAGUE EAST

W	L	Pct.	GB
New York	43	.480	-
Philadelphia	33	.367	10
Montreal	30	.333	13
St. Louis	29	.319	14
Chicago	20	.222	23
Pittsburgh	17	.188	26

WEST DIVISION

W	L	Pct.	GB
Houston	31	.570	-
Cincinnati	23	.418	8
San Francisco	22	.396	9
Los Angeles	18	.327	13
San Diego	16	.296	15
Atlanta	15	.270	16

SATURDAY'S GAMES: Cincinnati 3, Los Angeles 6; Atlanta 4, San Francisco 1; Philadelphia 6, New York 5; Pittsburgh 5, Chicago 2; Montreal 5, St. Louis 1; San Diego 4, Houston 3.

AMERICAN LEAGUE EAST

W	L	Pct.	GB
Boston	36	.400	-
Toronto	27	.298	9
New York	26	.283	10
Detroit	25	.271	11
Cleveland	21	.228	15
Baltimore	18	.198	18
Milwaukee	17	.185	19

WEST DIVISION

W	L	Pct.	GB
California	31	.570	-
Texas	23	.418	8
Kansas City	22	.396	9
Oakland	18	.327	13
Seattle	16	.296	15
Chicago	15	.270	16
Minnesota	14	.250	17

SATURDAY'S GAMES: Texas 14, Minnesota 1; Detroit 7, Baltimore 2; Cleveland 3, Oakland 6; New York 11, Boston 6; California 3, Chicago 2; 15 innings; Kansas City 5, Seattle 4; Toronto 7, Milwaukee 1.

ATHLETICS

Childhood accident led flying Bulgarian to her hurdles glory

ROME (Reuter) - Yordanka Donkova, the world's outstanding track athlete this year, ironically owes her present exalted status to a tragic childhood accident which cost her all four fingers on her right hand.

Donkova finished overall women's winner in this year's Grand Prix athletics circuit when she won the 100m hurdles in last Wednesday night's final, the climax of an outstanding season which saw her break the world record three times.

The 24-year-old Bulgarian had an equally glittering career in prospect at the five-discipline pentathlon, recording a personal best of 6,187 points.

But the decision of the International Amateur Athletic Federation to replace the pentathlon with the seven-event heptathlon at the start of the 1981 season effectively spelled an end to Donkova's ambitions.

One of the new events was the javelin throw, a competition Donkova finds impossible to master with the handicap of her fingerless right hand and as a result she decided to specialize in the 100m hurdles.

The rest is history. Donkova exploded on to the European athletics circuit this year, equalling the previous world record, then breaking it on three occasions, reducing it recently to 12.26 seconds.

Last week Donkova and her coach of 16 years, Georgi Dimitrov, explained the basis of the Bulgarian's success.

Speaking through an interpreter, Dimitrov said he had known for four



FLYING BULGAR - Yordanka Donkova breaks the world record for the 100m hurdles.

years that Donkova could break the world record.

And he said he was certain his pupil would break it this year when she clocked 12.70 running into a stiff head wind early in the season. "This was much better than the

world record," Dimitrov said.

Dimitrov said Donkova had concentrated on strength training in the winter and then on technique. "Bulgarian coaches are learning many new things about this discipline," he said.

A knee injury hampered Donkova's progress last year but this year, with all fitness worries behind her, the tall Bulgarian has been a revelation.

Her style is the essence of speed and economy and as with all great hurdlers her upper body remains steady while she seems to flow over the 10 obstacles.

Donkova, born in Bogorov, 10 kilometres from Sofia, was an outstanding athlete as a child after surviving the trauma of losing her right-hand fingers when at the age of five she put her hand in a porcelain-manufacturing machine.

She is at present a physical education student and hopes to follow Dimitrov as an athletics coach when she eventually retires.

Retirement is still happily some ways off. "If everything is okay I hope to compete in the 1988 Olympics," she said. "Then I would like to coach."

But there was an upset for Donkova in the 100 metres hurdles at Crystal Palace, London, on Friday. She was beaten into second place by her fellow-Bulgarian Guinika Zagorcheva who has been pressing the European champion hard all season.

EUROPEAN SOCCER

Results of yesterday's Italian First Division soccer matches, the opening round of the season:

Averano 2, Fiorentina 1; Brescia 0, Napoli 1; Empoli 1, Internazionale 0; Milan 0, Ascoli 1; Roma 0, Como 0; Sampdoria 1, Venezia 0; Torino 2, Verona 1; Udinese 0, Juventus 2.

SPANISH RESULTS:

Real Madrid 3, Zaragoza 1; Sabadell 1, Barcelona 1.

Steffi in form

TOKYO (AP) - Steffi Graf of West Germany, keeping her opponent on the run with powerful ground strokes, beat Manuela Maleeva of Bulgaria 6-4, 6-2 to win the \$300,000 Pan Pacific Open here, Japan's richest women's tennis.

Graf, ranked third in the world and the No. 1 seed, stopped Maleeva's bid to win this tournament for a third consecutive year.

Graf rubbed salt in the wounds when she later tossed wild shots from the baseline to beat the sister team of Manuela and Katerina Maleeva 6-1, 6-7 (4-7), 6-2 in the doubles final.

Henri Leconte of France was the Geneva Grand Prix beating his compatriot Thierry Tulasne 7-5, 6-3.

Wheelchair tennis

finals start today

TEL AVIV - The final rounds of the fifth annual national wheelchair tennis championships are being played off this week at the Israel Tennis Centre's Jaffa courts, with the tournament continuing through Wednesday. Matches start today at 7 p.m.

The championships have attracted a record entry of 48 men and 24 women to the Israel Sports Centre for the Handicapped in Ramat Gan. They are being organized jointly by the ITC and the ITA.

Marsh wins

Japan golf tourney

INZAI, Japan (AP) - Australian Graham Marsh beat Japan's Isao Aoki on the first hole of a sudden-death playoff to win the Suntory international golf Open here, his first victory this season.

Aoki had forced the playoff by shooting a final round 69 while Marsh was scoring 72, leaving the two tied at 13-under-par 275 for the regulation 72 holes.

At Sunningdale, England, Greg Norman of Australia won the European Open at the first hole of a sudden death playoff against Briton Ken Brown.

CRICKET: An eight-wicket stand of 183 between India under-25 skipper Subashchand Vismath and Azim Khan dashed Australia's hopes of a morale-boosting victory before the first Test against India later this week. Vismath (44) and Khan (66 not out) saved the day after Australia's first innings was reduced to 150 for seven in their second innings - only 74 ahead.

But after the rescue, India under-25 had reached 253 for eight when the two captives agreed on a draw an hour after tea.

China win

women's volleyball

PRAGUE (AP) - China retained the women's volleyball championship with a 3-1 victory over Cuba in the final here. In a one hour and 45 minute match, the Chinese won 15-6, 15-7, 10-15, 15-9, thus dropping only their second set in eight matches throughout the competition.

The only point at which the Chinese looked in danger was in the third set when the Cubans came out determinedly and duly took the set 15-10.

Pura won the bronze medal by beating East Germany 3-1 (13-15, 16-14, 15-9, 15-6).

SHOWJUMPING: A U.S. equestrian team beat Britain by nine one-hundredth of a second in a thrilling jump-off to win the Nations Cup event at the Spruce Meadows Masters tournament in Calgary.

SUMMER VACATION at the MORIAH JERUSALEM

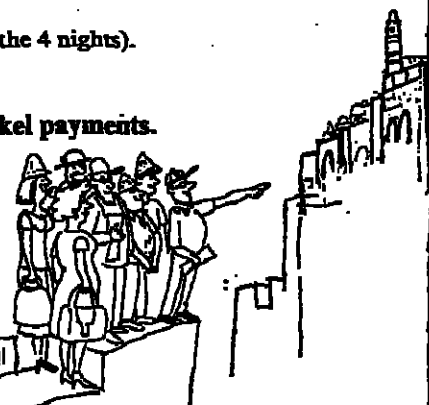
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Puica spoils Decker's return

NEW YORK (AP) - Romania's Marica Puica the 1984 Olympic 3,000 metre champion, set a course record in winning the Fifth Avenue Mile, spoiling the comeback of American distance star Mary Decker Slaney.

Puica was timed in 4 minutes, 19.48 seconds, clipping more than three seconds off the previous course record of 4:22.6 set by Britain's Wendy Sly in 1983.

By breaking the course mark Puica earned a 1986 car from the event sponsors, Mercedes.

Slaney, competing for the first time since September 14, 1985 - she took time off to give birth to a girl - was never in contention and finished far behind the winner.

Slaney, admittedly not in top form because of blisters and tendinitis in her left foot, wound up sixth in 4:32.01 - more than 12 seconds behind Puica.

Lynn Williams of Canada, the 1985 champion, placed second and Yvonne Murray of Scotland was third.

Sly, the Olympic 3,000 metre silver medalist and the winner of this race in 1983, fell early in the race. She was not seriously hurt.

Jose Luis Gonzalez, considered the lesser of two Spanish runners in the men's race, staged a furious kick to beat John Walker of New Zealand and countryman Jose Abascal.

Gonzalez, the Spanish champion at 1,500m in 1976, 1979 and 1980, and cross-country champion in 1980 was timed in 3:53.52, far off the course record of 3:47.52 set by Sydney Marree in 1981.

Walker, the 1984 winner and the 1976 Olympic 1,500m champion held on for second place just ahead of Abascal.

Ecumenical Institute for Theological Research

Tanur Public Lecture in English
Thursday, September 18, 1986
by Dr. Kenneth E. Bailey

"Middle Eastern Oral Tradition and the Synoptic Gospels"

Dr. Bailey, a member of the Institute staff for the past year, was for 20 years a professor of New Testament at the Near East School of Theology in Beirut.

In the auditorium of the Ecumenical Institute at Tanur commencing at 4:00 p.m. Tea will be served after the lecture. Ample parking space at Tanur. Buses 22 and 30 stop outside the main gate. Located at the junction of the Hebron Road with the dual carriageway to Gilo.

The Consular Section of

The American Consulate General in Jerusalem

will be CLOSED to the public
on September 17 and 18

when Consulate General employees will be participating in a training seminar.

Anyone requiring emergency assistance on these days is requested to telephone the Consulate General at 02-234271.

We regret any inconvenience resulting from our closing.

Free-trade-area pact proves disappointment after first year

By AARON SITNER
Jerusalem Post Reporter

The first birthday has come and gone, but the baby - expected by its parents in Jerusalem and Washington to be a strapping young money-maker - weighs hardly an ounce more than on the day it was born.

The baby is FTA or, as it is better known, the free-trade area agreement between the U.S. and Israel. The agreement was signed in April 1985, and became effective the following September. It provides for complete elimination of tariffs and most other restrictive regulations of commerce relating to trade between the two countries. Pushed mainly by Gideon Patt during his term as minister of industry and trade, FTA is the first and only such agreement entered into by the U.S. with any country in the world.

So, what has been achieved in the past year, when Israeli exports should have been sucked up by the massive U.S. market like loose dust lying an inch away from a vacuum cleaner hose?

Nothing! Take it from Avraham Barir, acting president of the Israel-America Chamber of Commerce. "Frankly, I'm disappointed," he said in an interview last week. "Our industrial exports to the U.S. in the July-December 1985 period were \$719 million. But in the next six-month period - January-June 1986 - those exports dropped to \$570m."

"I certainly hope we are not seeing the beginning of a trend here. How on earth have we registered a 20 per cent falloff in sales to the U.S. when

we are armed with such a potent market aid as FTA?"

Leaning back on his chair in his modest Tel Aviv office, the lawyer-industrialist added: "If we are to search for alibis, then perhaps it was the weakening dollar that drove our exporters to prefer non-U.S. markets. But there must be more basic reasons."

Two of those basic reasons, according to Barir, are the firm advantages the American producer of product X has over his Israeli counterpart trying to sell that same product in the American market.

The U.S. businessman pays between 7.5 per cent and 9 per cent interest on his line of credit at his bank. The Israeli producer must shell out between 30 and 35 per cent interest on his bank loans. And, when he brings the dollars he has earned into the country he finds that their exchange rate relative to the shekel is frozen.

What is more, the American businessman can look forward to a new wave of benefits in the form of tax-reform legislation. The Israeli industrialist cannot, at least not in the foreseeable future.

Barir added: "I fear that even when we reach the zero-tariff stage, Israeli manufacturers and exporters will be unable to compete on the American market."

So, what's the solution? As Barir sees it, FTA can develop into a healthy, bouncing baby - bringing hundreds of millions of dollars into the Israeli economy - if the "bridge" concept could be put across

to American and European businessmen. In fact, he would like to see the country's official trade representatives abroad emphasize this point even more than promoting the sale of Israeli goods.

The idea is simple and certainly not new: to convince American and European manufacturers that they could increase their export sales by using Israel as a production or co-production bridge that would legally entitle them to some very substantial tariff benefits.

Some forward looking overseas businessmen are already taking advantage of this arrangement.

With its special, preferential, status with both the U.S. and the European Community, Israel serves as a convenient, money-saving turnstile for savvy manufacturers seeking overseas markets for their products.

Both the FTA and the EC arrangements require only a 35 per cent Israeli input for a product to qualify for a certificate of origin as an Israeli product. Thus, even if a U.S. manufacturer can beat Israeli labour costs overall, he might still gain a competitive edge by setting up a subsidiary or unit in Israel to make a third of the item. That would enable him to bring it in at zero, or near-zero, to the EC. The same would apply to an EC manufacturer exporting to the U.S. via Israel.

As for product lines, Barir says that producers of textiles-fashion, foods and high technology can benefit most from the free-trade-area agreement between Israel and the U.S.



New York

Dow Jones
Average
(Thurs., Fri.)
-120.78
1758.52



London

FT
All Shares
(Fri.)
-17.93



Tokyo

Nikkei
Average
(Fri.)
-460.73
18,100.52

After plunge in share prices

Market watchers: 'Don't worry'

LONDON (Reuters). - World stock markets took a weekend breather after billions of dollars were wiped off share values in a two-day price crash last week. But analysts say there is no cause for panic.

On Thursday, Wall Street had its worst day in 25 years and by the time the New York Stock Exchange closed for the weekend the Dow Jones Industrial Average, the best-known yardstick of U.S. share performance, had slumped 7 per cent.

Few of the world's financial markets escaped the panic. On Friday, the main market index in Tokyo, the Nikkei Stock Average, fell 2.5 per cent. In London the fall was 1.7 per cent. Frankfurt tumbled 2.6 per cent and Paris 4 per cent.

The collapse came from near-record levels in most major share markets. U.S. shares have risen 25 per cent this year, with Wall Street posting a record high only 10 days ago.

The trigger for the crash seems to have been growing fears among investors in the U.S. that interest rates and inflation may have hit bottom in the current business cycle.

Selling turned into a stampede as the computer programmes running

the portfolios of many investors in the U.S. started to dump shares. As much as 40 per cent of the selling may have been generated by computers.

"Some observers have been drawn parallels with the ... stock market boom and subsequent crash of 1929," wrote the London-based *Financial Times* in a weekend leader comment.

"Although some of the problems of excessive debt, weak commodity prices and even of bank failures can be identified, there seems to be no chance at all of history repeating itself."

"The scale of the market boom has been much less, and so present [share] values are not nearly so vulnerable. But, above all, the monetary climate is totally different."

London's *Sunday Times* commented: "The clear message is that when the markets have time to stop and think, stability should return."

The *Sunday Telegraph* also advised against panic: "There will be good buying opportunities ahead."

The *Guardian* said Thursday's 4.6 per cent fall in the Dow Jones average did not compare with the noto-

rious 12.8 per cent crash on October 28, 1929. Last week's drop as "merely a long overdue adjustment" to recent share price rises.

"Adjustments in these days of huge financial flows, instant world communications and computerized dealing come quick and brutal."

"Of the nine sharpest falls in the history of the Dow Jones index, six happened this year. But they haven't been cumulative. So far after each fall, the index recovered," the newspaper said.

In New York on Friday, some analysts saw signs that the new low prices of American shares were drawing in bargain hunters.

Jon Groveman of Ladenburg Thalmann and Co. said: "The market today got to a level sufficient to bring in some bargain hunters," while Michael Metz of Oppenheimer and Co. said he also saw signs of "serious investors" buying on Friday.

But, with Tokyo's stock market closed for a holiday Monday, investors will have to wait until Europe's main markets open to find out whether Wall Street's weak finish on Friday will deliver further shockwaves through the world's financial markets.

WORLD BUSINESS IN BRIEF

French cabinet due to approve cuts in taxes

PARIS (Reuters). - Major tax cuts in France are expected when the cabinet today approves a 1987 budget, which is aimed at reducing the role of the state in the economy and placing greater emphasis on market forces.

Government spending is being trimmed by more than \$6 billion, with tax cuts scheduled to total \$4b. The budget deficit is due to fall by more than 10 per cent to just under \$19b.

Industry will benefit from tax cuts totalling around \$1.8b., mainly due to a cut in the payroll tax and an already-announced reduction in the tax on company profits to 45 per cent from 50 per cent.

But direct aid to industry will be cut back by around \$1.6b.

WORLD TRADE MINISTERS, including Industry Minister Ariel Sharon, began talks today aimed at patching up differences and agreeing on terms for a new round of global talks on liberalizing trade and staving off world recession.

But in spite of months of efforts to resolve the disputes, serious talks remain among the 92 nations taking part in the meeting under the auspices of the General Agreement on Tariffs and Trade or Gatt, in Punta del Este, Uruguay.

Most of the delegates have expressed guarded optimism about the outcome, but at least one trade specialist said there would be a tough fight this week over the farm subsidies and the service industries.

RETAIL AND WHOLESALE PRICES in the U.S. surged in August, which could signal fresh inflation, according to figures released by the Commerce Department last week. The department said retail sales rose sharply by 0.8 per cent because of strong demand for new cars, while the Labour Department said wholesale prices were up 0.3 per cent after falling 0.4 per cent in July.

The rise in retail sales was the largest since April, when sales were up 0.9 per cent. It was the fifth successive month sales have risen but was entirely due to a 3.2 per cent increase in new car sales, the Commerce Department said.

IRANIAN OIL EXPORTS, severely disrupted by Iraq's raid on its Sirik Island terminal last month, seem to be returning to normal, Gulf shipping sources say.

But it was not clear if Teheran had been able to push exports back up to the 7.6 million barrels per day it was shipping before the August 12 raid. Afterwards, they dropped to an estimated 600,000 barrels daily.

The sources said poor weather conditions which initially hampered loading at Larak Island, to which the terminal had been moved after the raid, had improved.

U.S. BUSINESSES plan to reduce investments in development and machinery by 2.5 per cent this year, the sharpest decline since a 7.2 per cent fall during the 1982 recession, the Commerce Department reported last week, citing revised figures.

Based on a study last month, the department said U.S. companies were planning to invest an inflation-corrected total of \$376.4 billion this year. Such investments increased 8.7 per cent in 1985 and 15.8 per cent in 1984.

New blow for Australian economy

SYDNEY (Reuters). - Prime Minister Bob Hawke is under pressure to introduce even tougher measures to deal with Australia's ailing economy after the nation was stripped of its coveted triple-A international credit rating.

The New York-based Moody's Investors Service announced last week that the rating would fall one place to AA-1.

Market analysts said the downgrading reflected the poor fundamental outlook but would only marginally increase the cost of borrowing on international markets.

Moody's decision brought immediate cries from the opposition that Hawke's three-year-old Labour government, already fighting an uphill battle against a mounting balance-of-payments deficit and overseas debt, had mismanaged the economy.

The battered Australian dollar hit a low of 60.59 U.S. cents immediately after the news of Moody's action but rebounded the remaining days of last week to end Friday at 61.75 cents.

One institutional analyst, who did not wish to be named, said the downgrading should have only a short-term effect on the local dollar and interest rates. One major result would be to keep pressure on the government to maintain a tight monetary policy, he added.

The government, which introduced a tough austerity budget this year, blames the nation's woes on poor world prices for exports. It has warned that more belt tightening may be necessary in the coming months.

Moody's said Australia's creditworthiness remained strong but a variety of economic and structural weaknesses clouded the country's flexibility for servicing long-term external debt.

Moody's said its decision also reflected rigidities in the industrial and labour market, and high inflation. But, it noted, the economy had built in strength because of the nation's strong natural-resources base, sound economic management and political

stability.

August balance-of-payments figures, released last week, showed a deficit of \$750 million - well below earlier market forecasts of \$795m. to \$1.1 billion - cushioned the impact, economists said.

Keating said the change in Australia's creditworthiness was unjustified as it did not take into account government measures to make the economy more competitive and adaptable.

Hawke warned Australians not to be carried away by the latest balance-of-payments figures, which he said were not going to be too good for the rest of the year. "We've got a long way to go."

Australia's current-account deficit has soared to more than \$8.5b. in the past 12 months and external debt to about \$53b.

ANZ Banking Group Chief Economist Bob Edgar said he believed offshore investors would not be driven away, although the view of Australia's "economic invincibility" had taken a pounding.

DOUBTS. - Consumer confidence in the U.S. economic situation is now at its lowest point in three years, the Conference Board said.

The board, an employer-sponsored economic research organization, said 25 per cent of 5,000 households questioned in August characterized the actual economic situation in the country as "bad."

Number of private shops in China drops

PEKING (Reuters). - The number of private shops in China has dropped for the first time since they were allowed to resume business in 1979 in what diplomats described as a surprising reversal with serious political implications.

The latest edition of the official Chinese commerce newspaper said the number of private shops throughout the whole country fell to about 8.7 million at the end of June, 190,000 less than in June last year. The number of people employed in private shops also fell by 210,000

after a number of years of big increases.

The paper blamed the fall mostly on heavy taxes and other fees placed on private enterprises in some provinces and on a fear among shop operators that the official policy might revert to that of the Maoist years when all private enterprise was banned. Western diplomats said the figures were an indication that opposition to the economic reform policies of leader Deng Xiaoping was still very strong in some parts of China.

'U.S., Japan have supercomputer pact'

TOKYO (AFP). - A secret accord on super-computer exports to third countries was made between the U.S. and Japan, a Tokyo newspaper reported yesterday.

The *Asahi Shimbun* quoted sources concerned as having said the agreement, concluded two years ago, strictly controlled exports of such computers to third countries to prevent them being re-exported to

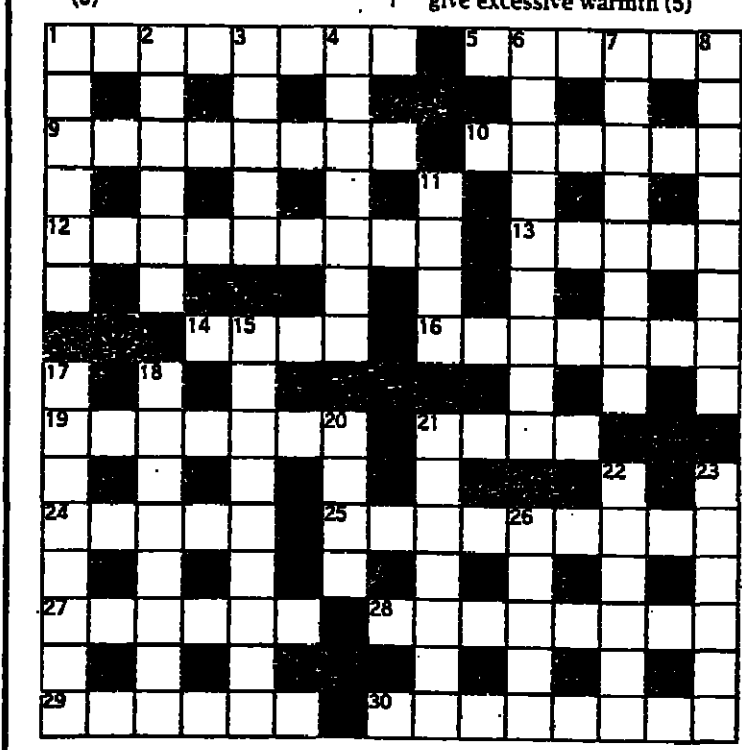
communist countries. At present, exports of super-computers to communist countries are banned by the Coordinating Committee for Export Control (Cocom).

Japan and the U.S., the only nations in the world that produce super-computers, are now conducting secret negotiations to further tighten the controls, the newspaper said.



ONE-ON-ONE CROSSWORD

- ACROSS**
- What watches do when ordered to march nowhere (4,4)
 - Holiday attraction in Norfolk or overseas? (6)
 - No thanks! Sold as more recent (3,2,5)
 - Corrosive decay I see pronouncedly in the countryside (6)
 - Devise rare and tiny route (9)
 - Violent death is strongly resented (5)
 - Dead, but not dead on time (4)
 - Noise or disturbance destroys the wind-swept land (7)
 - The royal train (7)
 - Tom has nothing for the Censor (4)
 - One in plot can act as guide (5)
 - Neat description of a form of craft (8)
 - Partly predict some laws (6)
 - Iberian health resort gets drain put back (8)
 - Unspecified way to turn grapes into raisins (6)
 - Publisher's afterthought is to provide a hesitant peroration (8)
- DOWN**
- Insect which prays for prey (6)
 - Sell and tell (6)
 - Epicurean discrimination? (5)
 - Is it brewed 1/1000th of an inch above the valley? (4,5)
 - Taken over by a bid in the open market? (6,5)
 - Excel, but not in a cartoon sequence (8)
 - Ring after the 355th day, thereby settling the question (8)
 - Scottish loch which sounds fine (4)
 - One who notes another's work (9)
 - Bad falls mean poor harvests for them (8)
 - Mount which is very high in Sion (8)
 - Each street beyond the Iron Curtain? (4)
 - Like potatoes fried, not perfect as a dish (7)
 - Miracle town road is just a hoax (6)
 - Rarely is Benedictine topped with French salt (6)
 - What a vocalist should do to give excessive warmth (5)



GENERAL ASSISTANCE

EMERGENCY PHARMACIES

Jerusalem: Kupat Holim Clalit, Roma, 523191; Balaam, Salah Eddin, 272315; Shu'afat, Shu'afat Road, 810108; Dar Al-Awda, Herod's Gate, 282058; Tel Aviv: Brit, 28 King George, 283731; Kupat Holim Maccabi, 25 King George, 282050; Netanya: Trufa, 2 Herod, 288556; Haifa: Yavna, 7 Ibn Sina, 672288.

DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatrics), Hadasah Ein Kerem (internal, surgery, orthopedics, E.N.T.), Miseged Lohach (obstetrics), Shaare Zedek (ophthalmology). Tel Aviv: Rotsch (pediatrics), Ichilov (internal, surgery). Netanya: Laniado

POLICE 100

Dial 100 in most parts of the country. In Tel Aviv dial 924444, Kiryat Shmona 4444.

FIRE 102

In emergencies dial 102. Otherwise, number of your local station is in the front of the phone directory.

FIRST AID 101

In emergencies dial 101 in most parts of the country. In addition:

Ashdod 41333 Jerusalem 523133
Ashkelon 23333 Kiryat Shmona 44334
Bat Yam 5811111 Kiryat Shmona 44334
Beer Sheva 74767 Netanya 23333
Carmel 5985555 Petah Tikva 5231111
Tel Aviv 7811111 Rehovot 451333
Elit 7233 Rishon LeZion 942333
Hadera 22333 Safed 30333
Haifa 512233 Hatzor 36333
Holon 803133 Holon 90111
Mobile Intensive Care Unit (MICU) service in the area, around the clock.

"Eran" - Emotional First Aid, Tel: Jerusalem 227171, Tel Aviv 261111/2, Haifa 672222, Beer Sheva 418111, Netanya 36316.

Yoga Crisis Centre (24 hours), for help call Tel Aviv 234818, Jerusalem 245554, and Haifa 352811.

Jerusalem Institute for Drug Problems, Tel. 663828, 663902, 14 Bethlehem Rd.

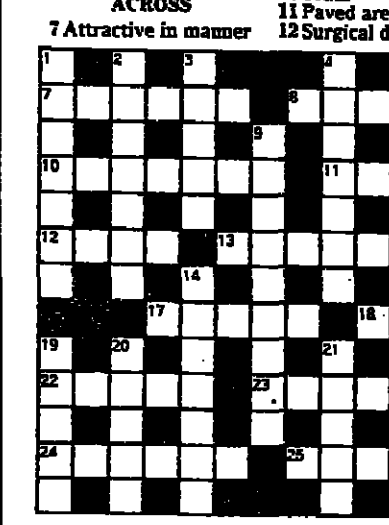
The National Poison Control Centre at Ramat Hashikma, phone 04022205, for emergency calls, 24 hours a day, for information in case of poisoning.

Kupat Holim Information Centre Tel. 03-433300, 433500 Sunday-Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.

FLIGHTS

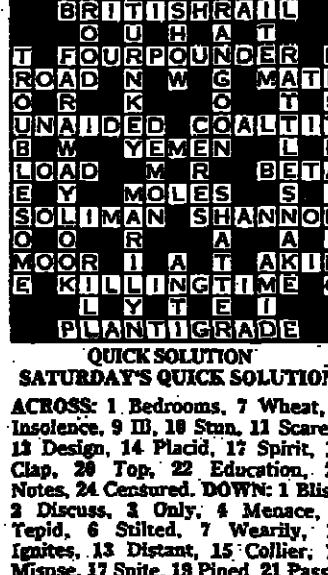
24-Hour Flight Information Service: Call 03-5712484 (multi-line). Arrivals Only (Taped Message) 03-381111 (20 lines)

QUICK CROSSWORD



- ACROSS**
- 7 Attractive in manner
 - 8 Aircraft journey
 - 10 Train
 - 11 Paved area
 - 12 Surgical dressing
- DOWN**
- 13 Soak
 - 14 Earthware pot
 - 15 Hades
 - 16 Kingdom
 - 17 Gulleys
 - 18 Putrefying
 - 19 Mix together
 - 1 Alarm
 - 2 Winter sport
 - 3 Silly
 - 4 Fast sailing ship
 - 5 Very hard silica
 - 6 A shock of sheaves
 - 9 Woman's undergarment
 - 14 Ancient Semitic language
 - 15 One's own back
 - 16 Fluid filled lump
 - 18 144
 - 20 Joyful
 - 21 Top room

Yesterday's Solution



Investment Opportunity: AUSTRALIA

A large, old established, Australian company is now distributing Israeli, advanced - technology products, and seeks to increase its product and investment range.

Quick references: P. Kotzler
Israel Consul for Economic
Affairs, Sydney

Interested manufacturers and inventors should contact:

Global Technology Limited
P.O. Box 062,
Queen Victoria Bldg.,
Sydney, Australia 2000
Tel. 02-267-9422 Fax: 02-267-8531
Telex: 02-71070

UNITED NATIONS DISARMAMENT OBSERVER FORCE (UNDOF)

HAS A REQUIREMENT FOR PROVISION OF GRADE AAA FRESH FRUITS VEGETABLES AND EGGS TO ITS TROOPS OF APPROXIMATELY 400 PERSONNEL STATIONED AT CAMP SOUJAN, GOLAN HEIGHTS, FOR THE PERIOD 1 DECEMBER 1986 THROUGH 30 NOVEMBER 1987. INTERESTED BIDDERS ARE INVITED TO COLLECT BIDDING DOCUMENTS FROM THE PROUREMENT OFFICE, UNDOF GOVERNMENT HOUSE, JERUSALEM. TEL: 02-728-4-4-4 EXT 206 / 4, BETWEEN 7:00 - 14:00 HOURS FROM MONDAY TO 14:00 HOURS ON MONDAY, 30 OCTOBER 1986. CHAIRMAN TENDER COMMITTEE UNDOF HQ - DAMASCUS C/O P.O. BOX 400 JERUSALEM ZIP CODE 91004

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near Central Carmel, Haifa
on 999 sq.m. plot. Contains:
Five 3 1/2 room apartments, a one-room apartment, shelter, equipment room.
The one-room flat and two of the other flats have protected tenants.
Serious offers to P.O.B. 6220, Haifa 31 061.

WORLD BUSINESS
IN BRIEF

French cabinet
due to approve
cuts in taxes

ECONOMIC NEWS

MARKET PLACE
PINHAS LANDAU

Dearth of a nation

Very occasionally, one comes across a piece of information that is not only a fact, statistic or datum, but has implications that change the very basis of a situation—or, in this case, a country. Their importance is such that they quite overshadow more dramatic, but ephemeral events such as the stock exchange slumps round the world in recent days, because they cast light on much more deeply seated trends.

An example of this rare phenomenon cropped up in last Wednesday's *Wall Street Journal*, which ran a page-one story on the West German population. It might be thought that West Germany suffers from the same demographic trends that affect most Western countries, including Japan, and many Soviet bloc members as well. These are a falling birth-rate, increasing life expectancy and, as a result, a population structure that is becoming increasingly elderly, creating long-term labour-market and other problems. Even in Israel these basic trends are beginning to be noticed, and the actuarial problems of the pension system are the surest sign that in this, as in much else, we are going the way of the world.

But in West Germany the long-term has arrived. Their problem is that their birth rate has long been so low that the population is actually declining, down by one million in the decade from 1975. The usual kind of projections that the demographers indulge in shows that, if the current trends continue undisturbed, the country's population will be nearly halved by 2050, falling from 61 million to 34 million. The cause of this decline is found solely on one side of the ledger—the lowest birth rate per capita in the world, probably the lowest in modern history. In 1985, it ran at 9.5 per thousand persons, down from almost twice that rate in 1964.

There are, no doubt, many people in Israel who have good cause for an anti-German attitude. To them, this news is probably welcome since the Germans they like best are the ones that weren't born. But West Germany's importance to the European, indeed the world economy, should make such emotional considerations secondary. Along with Japan, West Germany is the country to which the U.S. is now looking to take up, with Japan, the "locomotive" role in the world economy. But a country with a shrinking population is operating at a major disadvantage when talking of long-term growth.

Some economic researchers are quoted as saying that, even in the best imaginable conditions, the West German economy could not exceed more than 4 per cent annual growth, while spending in areas such as pensions, health care and other welfare payments must inevitably grow faster than the economy as a whole.

The underlying social, and even psychological causes of this profound change in the structure of society—children are a rarity in shops and restaurants, where they are considered an unwanted nuisance—are of course of great interest, and doubtless will keep many researchers in a variety of disciplines fully occupied. But for whatever reason it is happening, and despite the recent rise in the birth-rate for the first half of 1986 that demographers believe is a fluke, it is one of the most far-reaching developments in recent years.

That other countries are going along the same path, if rather less rapidly, is illustrated by another story on the very same page, detailing the changes wrought in the American labour market by the "shortage" of young people entering that market as the baby boom generation moves into middle age. The lower U.S. birth rates of the 1960s and 1970s are now showing up, particularly in the service sector. In manufacturing, the response has been, predictably, an increase in automation and robotisation.

The difference between the two economies is that the U.S. is creating new jobs all the time, and the population simply is not growing fast enough to fill them, so that some calls are even being heard to relax immigration laws and increase the supply of labour. In West Germany, by contrast, the economy is not generating extra employment possibilities—there simply are less people to go round even if total employment remains stable.

Minrav unit to build housing in S. Africa

Minrav Holdings Ltd. said its 85 per cent owned subsidiary, Minrav International, had signed another deal in South Africa, this time to build 480 single-family dwellings for an estimated value of some \$5 million.

The deal brings the company's total contractual obligations in South Africa to 1,200 units.

In pre-Washington briefing

Peres promises first reforms of capital market in 4-6 months

By AVI TEMKIN
Post Economic Reporter

The first concrete decisions about reforms in the capital market and the tax system will take place in four to six months, Prime Minister Peres told reporters on the eve of his departure to Washington yesterday.

He said he would discuss with his hosts during his U.S. visit ways of encouraging American and Canadian investments in Israel, particularly in research and development projects.

Peres met on Saturday night with members of the Operation Independence Task Force, a group of prominent Jewish businessmen from abroad who want to encourage investments and economic growth in Israel. The prime minister said after the meeting that he was convinced that a sharp reduction in bureaucratic red tape was essential to promote

foreign investments in Israel.

Peres said the Task Force was convinced that the drop in inflation would encourage exports, but it was still necessary to unify all government bodies dealing with investments into one centre to avoid delays and duplication.

Speaking about his trip to the U.S., Peres said he would not look for more "aid in cash," although he would discuss ways the Reagan administration could help the Israeli economy. He said he would try to get a reduction in the current level of interest Israel pays on its \$10 billion debt to the U.S. government. It currently averages 10 per cent a year.

The prime minister said he would also be discussing with his American hosts plans for the renewal of economic growth.

"Israel's credibility is at a record

high," Peres said. "From all the countries that received aid for a stabilization plan, we are the one with the biggest success."

Peres noted that Israel had carried out everything it had promised it would do when it launched the economic stabilization plan 14 months ago.

Peres said he would also use his trip to explore ways of enlarging the scope of Israel's trade with countries, like Japan, which have kept their distance from Israel, in economic relations, because of the Arab boycott.

Peres said the Task Force was providing advice to Israel in areas like marketing where it was badly needed. He said, however, that the Task Force would now be helping to enlarge investments in new products and processes.



Yehuda Yosef, of Beit Ha'Arava near the Dead Sea, inspects his sabra plants without fear of getting pricked. The prickless sabras were developed by the Agriculture Ministry's Volcani Centre.

COMPANY RESULTS

Leumi Industrial Development Bank			
Industrial loans			
Year	1986	1985	
to June 30			
Net income	NIS 730,000	(231,800)	
Balance sheet	1.41m.	1.33m.	
Cablex, Cable: Wire Industries Ltd.			
Cables			
Year	1986	1985	
to June 30			
Revenue	NIS 22.3m.	24.18m.	
Net income	(2.81m.)	(4.11m.)	
Tadeco Technological Dev. Ltd.			
Local cells for weighing			
Year	1986	1985	
to June 30			
Revenue	NIS 3.21m.	4.3m.	
Net income	255,000	(147,000)	
Wolfson Clora Mayar Corp.			
Investments			
Year	1986	1985	
to March 31			
Revenue	NIS 23.4m.	8.05m.	
Net income	(1.49m.)	(289,000)	
Export Investment Corp.			
Investment			
Year	1986	1985	
to March 31			
Revenue	NIS 3.2m.	1.94m.	
Net income	(336,000)	313,000	
Ciel Electronic Industries Ltd.			
Electronics			
Year	1986	1985	
to June 30			
Revenue	NIS 18.58m.	(43.09m.)	
Net income	(9.32m.)	(5.91m.)	
Mechanisms Levinstein Ltd.			
Engineering and contracting			
Year	1986	1985	
to March 31			
Revenue	NIS 702,000	108,000	
Net income	(45,200)	30,796	

CURRENCY MARKETS

Friday plunge erases dollar's gains

The dollar closed sharply lower last Friday, erasing most of its previous gains. For the week, the U.S. currency advanced 1 per cent against the pound sterling and 0.5 per cent against the Deutschmark, but closed barely changed against the Swiss franc and yen.

The U.S. currency's sudden retreat on Friday started when the West German central bank intervened in the market, selling dollars when the currency reached its weekly high of close to 2.10 marks. The Bundesbank sell-off was probably aimed at heading off American criticism of its refusal to cut interest rates.

It had become increasingly clear over the course of last week that neither West Germany or Japan was

willing to cut its discount rate. Washington believes that their unwillingness to do so is behind much of the dollar's recent strength. Indeed, the consequent sharp rise in dollar interest rates widened the differential and lent support to the U.S. currency.

But the main driving force behind the dollar's rise was the new market perception that the U.S. economy is embarking on a higher growth path. The market had eagerly awaited Friday's release of the August retail sales figure, and on Thursday the dollar surged on rumours that it would be as high as 4 per cent. The 0.8 per cent gain that was finally released was disappointing and that added to the day's dollar sell-off.

While last week's net price changes were not impressive, the volatility was much greater and is likely to remain so, with dramatic moves on Wall Street in the background.

Such volatile movements are typical of a transitional period, as the market begins to question the downturn in the dollar that has prevailed of late. While a significant appreciation in the U.S. currency is not likely until the market sees better trade figures, higher dollar interest rates and a gradually stronger economy should lead the currency support.

A stronger dollar lies ahead, but on the way the currency is likely to encounter wide swings.

The column appears courtesy of Boaz Barak Advisory Services.

Tel Aviv Stock Exchange

MARKET STATISTICS

Indices:		Turnovers:		4.25% fully-linked	
General Share Index		Shares—total		80% linked	
115.02-0.81%		NIS11,827,600		Rises to 1%	
Non-Bank Index		Arrangement		Double-linked	
145.48-2.17%		NIS1,882,100		Stable/rises to 0.5%	
Arrangement		Non-Bank		Dollar-linked:	
130.17-1.51%		NIS 5,945,500		Admon	
Insurance		Bonds—total		Rimon	
160.22-1.38%		NIS 5,704,200		Gilboa	
Commerce, Services		Index-linked		Fertissar	
178.47-1.21%		NIS 3,807,400		For. Curr.	
Real Estate		Dollar-linked		Treasury Bills	
187.08-2.27%		NIS 1,896,800		(annual yield)	
131.78-2.47%		NIS 310,700		Mixed to 1%	
180.77-2.08%		Share Movements:		18.20-18.75%	
134.07-2.58%		Advances		Arrangement yields:	
85.63-2.86%		79 (171)		IDB ord.	
136.76-2.45%		of which 5%+		Union 0.1	
112.31-3.69%		2 (5)		Discount A	
139.32-2.80%		Declines		15.24%	
109.29-0.19%		204 (95)		15.68%	
Index-linked Bonds		of which 5%+		15.86%	
111.55 +0.16		3 (7)		16.30%	
Fully-linked		Unchanged		15.88%	
113.51+0.15%		94 (111)		16.00%	
Partially-linked		Trading Halt		37 (37)	
108.34+0.29%		Bond Market Trends:		3% fully-linked	
Short-term 0-2 yrs		Index-linked		Stable/rises to 1%	
109.27+0.18%		3% fully-linked			
Medium-term 2-5 yrs		104.80+0.16%			
Long-term 5+ yrs					

GREECE QUAKE

The government has mounted a major rescue operation, declaring a state of emergency in the area and organizing an airlift of doctors and medical supplies from Athens.

Prime Minister Andreas Papandreu sent Deputy Premier and Defence Minister Yannis Haralambopoulos to Kalamata to organize the rescue operations.

Rescue authorities are putting up 10,000 tents for people who were afraid to return to their homes last night in case there were further tremors.

The quake, which registered 6.2 on the Richter scale, struck just after dark on Saturday, when most of Kalamata's 45,000 residents were enjoying a night out in the local taverna or sitting down to dinner at home.

"We heard a roar," said Kalamata housewife Nikolaeta Bakas, "and then our building rocked. There was nothing we could do. The debris covered us."

Rescue workers managed to pull Bakas, her husband and their three children from the rubble three hours later, and they were flown to Athens for medical treatment.

Half the town was plunged into darkness as the power failed and people rushed out of their homes, witnesses said.

"There was panic in the streets," said Michaelis Tzeretos, captain of the ferry boat Paros, which was docked in Kalamata. Tzeretos said he treated more than 100 of the injured on his vessel and told reporters.

WHITE COLLAR
(Continued from Page One)

The first half of 1986.

But all this was not sufficient to offset a decline in jobs in other sectors.

The increase in registered unemployment—7.9 per cent of the work force in April-June 1986, up from 6.5 per cent in April-June 1985—partly reflected an increase in the number of women who have recently started looking for jobs. The survey showed that while women were 37.9 per cent of the labour force in the first half of last year, they were 38.4 per cent in January-June 1986.

SELECTED PRICE QUOTATIONS

Name	Price	Volume	%
Commercial Banks			
(not part of "arrangement")			
Maritime 1	1102	4124	-3.4
General non-arr.	23750	11	-1.1
First Int'l	3499	1883	-1.4
FIBI	3850	3514	-2.8
Commercial Banks			
(part of "arrangement")			
IDB	78910	379	+0.1
Union 0.1	58800	110	-
Discount	100101	199	+0.0
Mizrahi	32000	463	-
Hapoalim r	83200	762	-
General A	136000	3	-0.7
Leumi 0.1	34071	1784	+0.0
Fin. Trade	45100	1	-0.2
Mortgage Banks			
Leumi Mort. r	5100	123	-1.4
Dev. Mort.	1870	140	-2.1
Mishkan r	not trading		
Tafhot r	13800	18	-
Mezav r	5700	182	-2.9
Financial Institutions			
Agrie Co.	not trading		
Ind. Dev. DO	not trading		
Ciel Leasing 0.1	20200	81	-3.3
Insurance			
Ararat 0.1 r	908	489	-1.3
Hessner r	258	32234	-3.7
Phoenix 0.1	749	538	-
Hamizmar	6880	45	+0.5
Menorah	2050	104	-4.7
Sahar r	4800	618	+2.1
Zion Hold. 1	9050	28	-0.5
Trade & Services			
Meir Ezra	7340	3711	+5.8
Supersol 2	5360	1754	3.4
Dalek r	3105	6123	-2.8
Lightstar	15300	26	+0.7
Cold Storage	2000	153	-4.8
Dan Hotels	5040	536	+1.3
Yarden Hotel	3550	199	+1.3
Hilon 1	15500	10	-1.6
Team 1	1670	525	-0.5
Real Estate, Building and Agriculture			
Azorim	706	15808	-0.8
Elon	25	112	1.0
Africa Isr. 0.1	36500	72	-0.5
Danlimer	4220	573	-8.7
Prop. & Bldg.	2660	1410	-2.2
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Mehadrin	7050	325	-2.4
Hadarim	1050	1680	-2.3
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Sunfrost	8950	265	-
Elite	15720	210	-
Adgar	1300	9143	-6.8
Argaman r	14500	89	-1.4
Delta G 1	2630	962	-3.7
Maquette 1	26000	55	-
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Peres in Washington

ALTHOUGH the premier's agenda in Washington this week is said to be topped by urgent economic issues, there is not much doubt that Shimon Peres will also be anxious to elicit the support of U.S. leaders, from President Reagan down, for the work programme on peace agreed upon by him and President Hosni Mubarak in Alexandria last week.

That work programme includes joint preparation for an international conference on the Middle East. Reports over the weekend had it that the Reagan administration was taking a dim view of Mr. Peres's endorsement of the conference idea, on the ground that it would provide the Soviets with the venue for the reassertion of their once active role in the affairs of the region. The last thing Mr. Peres did before taking off for the American capital yesterday was to pooh-pooh the reports. There was, he said, a complete meeting of minds between himself and the president, and Mr. Shultz, too, on the need for an international forum to accompany, not replace, free and direct bilateral talks between Israel and the Arab nations.

The difficulty some American officials found with the international conference formula as it emerged from the Alexandria summit may have stemmed from Mr. Peres's apparent decision to refer to it this time by its usual name, and not through some circumlocution as a forum, or an accompaniment, or an umbrella.

But in fact, the role assigned by the premier to the conference remains what it was. And the conditions he placed on Soviet participation are what they were. Israel, Mr. Peres made it official again, would bar a Soviet presence at the mooted conference until the Kremlin restored diplomatic ties with this country and lets Soviet Jews return to their homeland. Since there is little likelihood that the Soviets will oblige, in the near future, if the conference is held at all it will presumably be held without the Soviet - as Mr. Peres termed them - refusers.

At the same time his consent in principle to the idea widened, as he rightly suggested yesterday, Israel's room for political maneuver. Especially since it must be assumed that Mr. Mubarak was not only privy to Mr. Peres's interpretation of the idea but also offered no objections in principle to it.

The only reason Washington might take exception to the idea of the conference as conceived by Mr. Peres could therefore be that the Americans would prefer to hold their readiness to relax objections to Soviet re-entry into the region as a *quid pro quo* for good Soviet conduct globally, within the framework of a resumed detente or something akin to it. Not so the one half of Israel's government represented by the Likud, whose leader, Yitzhak Shamir, made it clear yesterday that, on assuming the premiership next month, he would do everything in his power to torpedo any conference which was calculated to raise the issue of the Israel-held territories.

On one point Mr. Shamir, to give him credit, is absolutely right. Menachem Begin's consent to the reconvening of the Geneva conference, given under duress in late 1977, before Camp David, is not binding on any of his successors. But Mr. Shamir's argument that Camp David pre-empted the need for any future conference does not hold water. The Camp David agreements are hardly even binding on Israel and Egypt, both of which have by now disavowed their commitments to central aspects of the autonomy plan enshrined in it, although Egypt alone has made its disavowal official.

But it is certainly not binding on either Jordan or the Palestinians, who never accepted them and without whose active collaboration the autonomy could never be implemented.

There is no assurance, of course, that any formula acceptable to Mr. Peres for Jordanian-cum-non-PLO Palestinian participation in the conference will also be acceptable to the Jordanians and to "authentic" non-PLO Palestinians, if such can be found. But there is no question that, unless Mr. Reagan puts his foot firmly down, the formula will be flatly rejected by Mr. Shamir.

In public, at least, Premier Peres professes to believe that Israel's pursuit of peace may even gain from his assumption of the duties of foreign minister next month, which should allow him to give his undivided attention to the task. This seems much too sanguine a view of Premier Shamir's capacity to stall progress.

PERES-REAGAN

(Continued from Page One)

the rotation. But the Americans will avoid any overly blunt statements or gestures which could irritate Shamir and his Likud colleagues.

Recently, administration spokesmen have stressed their desire to maintain strong and smooth ties with Shamir after he moves back into the Prime Minister's Office. This was a central message carried to Israel in July during Vice President George Bush's trip there.

Peres is scheduled to breakfast with Shultz at the secretary's home and drive with him to the State Department for a full-scale working meeting with senior aides.

In the afternoon, Peres is scheduled to have a one-hour meeting with Reagan at the White House. The premier will then hold a separate session with Bush, also at the White House, and then the two will tour the Smithsonian Institution's Air and Space Museum. In the evening, Bush will host a dinner at the State Department in Peres's honour.

Tomorrow morning, Peres will drive to the Pentagon for a meeting with Defence Secretary Caspar Weinberger and other U.S. defence officials. Israel's effort to win Nato-

like status in procuring U.S. weapons and winning U.S. defence contracts is expected to be discussed, according to Israeli officials.

During his stay in Washington, Peres will have only two separate sessions with U.S. senators - Republican Bob Kasten of Wisconsin, chairman of the Senate Appropriations Subcommittee on Foreign Operations, and Democrat Daniel Inouye of Hawaii, the ranking minority member on the panel. Both are of critical importance in providing foreign aid to Israel.

Before leaving Washington tomorrow evening for a three-day visit to Canada, Peres is to lecture and answer questions at the Washington Institute for Near Eastern Research, a pro-Israeli "think tank." He is also scheduled to make nationally televised appearances on NBC's *Today* show and ABC's *Nightline*.

Peres yesterday met briefly with British Foreign Office Minister Timothy Renton and discussed the Alexandria summit. Renton paid Peres the courtesy of driving out to a military airport where Peres's plane was refuelling on the way to Washington.

Call him an eagle, not a lame duck

Allan Shapiro

SHIMON PERES is no lame-duck prime minister, Moshe Arens to the contrary notwithstanding. Arens, drawing on the American political lexicon, fouled-up his fowl. Until rotation rolls around, Peres is more likely to prove something of an eagle, as recent experience demonstrates.

The proximity of the rotation strengthens the political position of Peres, rather than weakening it. A lame-duck American president has no option but to wait for his successor to take office. The lame-duck period begins with the presidential elections which have given a popular mandate to a new national leader. Neither of these conditions holds for the incumbent prime minister.

As he has already demonstrated, Peres need not sit passively and watch the calendar. He has it in his power to determine whether or not the rotation will take place. The closer the critical date, the greater his leverage. Mada's removal and Sharon's apology are largely the result of Peres's increased political power. Under the peculiar circumstances of rotation in a parliamentary, rather than a presidential, system of government, it is Shamir, rather than Peres, who has every incentive not to rock the boat. The rotation syndrome limits the freedom of movement of the heir-apparent, rather than of the incumbent. If there is a lame-duck in the present political constellation, it is Shamir, not Peres.

Moreover, unlike the case of an outgoing American president, Shimon Peres has as valid a popular mandate as that of his intended suc-

cessor. The mandate, both of Peres and of Shamir, stems from the same Knesset elections, with the stand-off that gave birth to the rotation mechanism. If Shamir wants a better mandate, he has to go out and get it, an option for which he shows no particular enthusiasm.

THE ROTATION, when it takes place, will remove from the realm of possibility a scenario that might seem far-out, but is anchored in constitutional and political reality. Suppose Peres, while still prime minister, were to take action unacceptable to the Likud, which would then withdraw from the national unity government. The rotation agreement would then, of course, be dead. But new elections would not be the only alternative.

The Likud might be able to deny the rump Alignment-led government the support of a majority in the Knesset on confidence votes. However, it does not necessarily follow that Shamir would be able to mobilize a majority in the Knesset for a dissolution of the house and new elections. In that case, the Likud might be frozen out of the transition government under Peres. If the Likud had not withdrawn from the government, but simply voted no-confidence, it would find itself frozen in. In either case, Shamir would be denied the prize of the top office.

It is not such a far-fetched notion that the religious parties might join the Likud in opposing Peres, but at the same time oppose new elections. The present disarray in the religious camp might make such a position expedient. In any case, if the test should come, it is likely that parties to the left of the Alignment, including Rakah and the Progressive List,

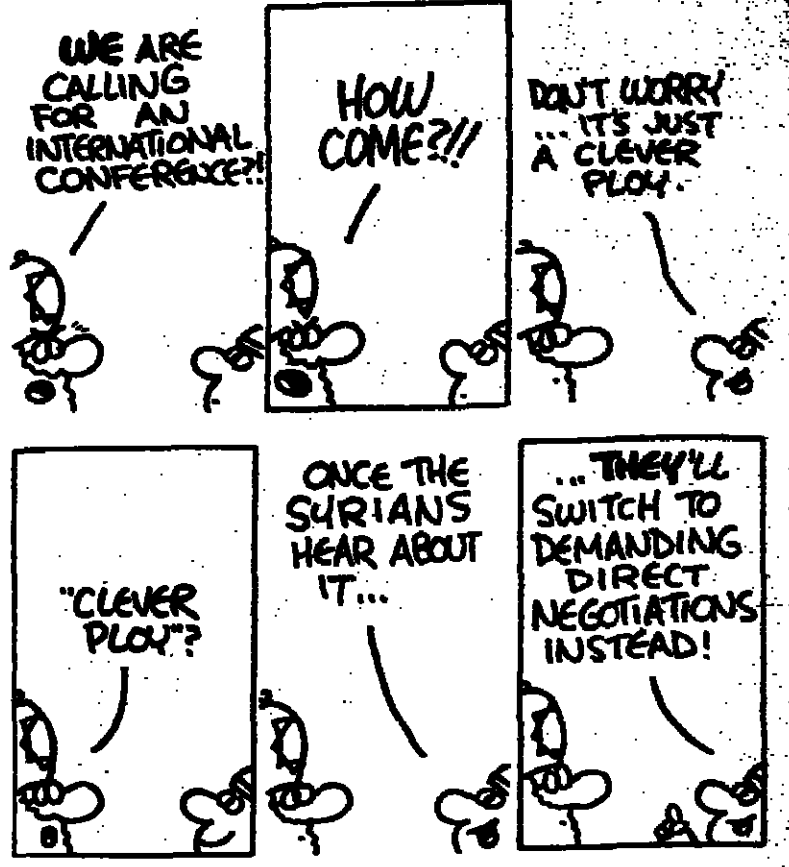
would opt against new elections, even while withholding parliamentary support for the incumbent prime minister.

Once the rotation takes place, it is inaccurate to assume that the tables will be turned, as the positions of Peres and Shamir are not symmetrical. Peres has played out his incumbency as prime minister against the background of the ever-approaching rotation. Shamir's prime ministry will be in the shadow of approaching elections. He will have no particular advantage over Peres in determining the timing. In fact, the putative position of the opposition parties, would give Peres and the Alignment an edge in setting the date.

SINCE Shamir will necessarily have to consider the proximity of elections, particularly as their statutory date approaches, he will have to take into constant account his personal standing with his own constituency. This is likely to have disastrous implications for economic policy. It was under a similar constraint of electoral considerations that Menachem Begin replaced Yigael Hurvitz with Yoram Aridor as the economic helm. The consequences of that move are well known. Presumably, Alignment leaders have this in mind in demanding that Peres head the ministerial economic committee in the post-rotation government.

In other policy areas, Shamir is likely to have even less flexibility than his inflexible character warrants. He will be concerned with appealing to potential voters of the chauvinist-nationalist camp. Tehiya and Kach, who are a distinct threat to the position of the Likud. He is much more likely to write off a

Dry Bones



possible shift of Alignment voters. Thus, the pressures of approaching elections will push Shamir in the direction of the extremists in his own party, rather than towards an accommodation with his national unity government Alignment partners. The worst they can do is to advance the date of new elections, inevitable in any case in a constantly diminishing time-frame. In particular, Shamir will keep a constant eye on the religious parties, with their pivotal position in any future coalition after the next electoral round.

The force of electoral considerations in the post-rotation government is disturbing. No less so is the intra-Herut battle for supremacy. The recent Herut convention did not leave Shamir a lame-duck party leader. But a frightened goose, in

the role of prime minister, is hardly a more reassuring prospect. Even if he were so inclined, Shamir would be unable to take any positive step in any direction that would make him vulnerable to attack from within his own party.

Quite apart from the Likud policy positions, the post-rotation government is likely to be heavily involved in pleasing the crowd and taking care of the faithful. The coming post-rotation Shamir government is likely to resemble, in many respects, the previous post-Begin/Shamir governments, with the difference that the struggle for succession within the party and for votes within the rightist-nationalist camp will be more open and acute. It is a real question how long Israel can afford an absence of affirmative leadership.

READERS' LETTERS

PROBLEMS OF IMMIGRANT CHILDREN

To the Editor of The Jerusalem Post Sir, - I was greatly disturbed by your article of August 29 on the education and absorption of immigrant children. I feel that the author sees things through rose-coloured glasses. The most glaring misconception in my mind is the time allotted for adjustment, namely two years.

I came here three years ago with three children aged 15, 13 and 11 years. Two of them are victims of this system of education in Israel.

Immigrant children coming from the U.S. face enormous cultural and educational barriers to success. First is lack of information provided to the parents on the best route for their children within the system. No testing and evaluation is done and no teachers or administrators really take the time to help and inform

parents of the best way to provide assistance to children to adjust. An example is the lack of a list of private teachers for tutoring.

Second is lack of training on the teachers' part to deal with western immigrant children who are used to a totally different educational philosophy. There are no case workers to provide counselling for children who have emotional difficulties because of cultural and social differences.

The worst problem I found was lack of communication between parents and teachers. Many parents lack the language skills to communicate their fears and anxieties for their children. If the teachers hear nothing, they may assume everything is fine when in fact it is not.

ALIZA SLATIS
 Rehovot.

FARNBOROUGH

To the Editor of The Jerusalem Post Sir, - In your article of September 8 on the Farnborough Air Show, you mention that "... Brig. Gen. Ya'acov Even received an invitation to attend the show, the first for an Israeli official in two years."

Since the Farnborough Air Show is held once every two years, this is hardly surprising.

Ramat Hasharon. J. SIMON

HOLIST SITE

To the Editor of The Jerusalem Post Sir, - Mark Segal in *Public Faces* of September 5, describes the Western Wall as "the holiest of Jewish religious sites." He errs. The Western Wall, holy as it is, constitutes, as its name denotes, the western extremity of our holiest site, the Mount of the Jewish Temple.

ZEPHANIAH KAHALANI
 Herzliya.

NIR ELIYAHU'S PROBLEMS

butz were delegated to attempt to find a suitable new enterprise to help overcome the shortfalls in the agricultural sector and to supplement the income from their plastics factory, in order not to fall further in debt. Unfortunately, they cannot rely on sources like some of our yeshivot, who, in the climate of financial difficulties suffered by other educational institutions, offer free full board and lodging and free full-time tuition, without as much as a hint of any payment by students.

Eventually, suitable enterprises were found. There was one problem however. Not only was an investment of several million dollars required, but the current interest payments on loans from banks are so onerous, that they simply could not even start to figure out how it would ever become a paying proposition, irrespective of how much sweat and toil their members were prepared to put in.

Nir Eliyahu is a neighbour of Kalkiya, which up to the time of the terrorist actions there a year ago, enjoyed a very large influx of Israelis on the Sabbath who chose to do their shopping there. There already exists, therefore, a section of the public who, in a free society, chooses to

spend time and money in that way. From visiting kibbutzim around the country it is clear that their concern for the quality of life in Israel; for peaceful coexistence with all shades of religious elements and Arab neighbours; and for their historic role in fulfilling their democratic Zionist idealism, continues undiminished. They still volunteer their services far more than any other body.

JACK ZIV-EL
 Herzliya.

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